

CHAPTER 1

INTRODUCTION

1.1 Introduction

Organizations from various sectors have to embrace the complex challenges and forces for business survival in the current digitalization era. These challenges have created a high demand for highly committed and efficient employees, contributing to organizational sustainability and competitive advantage. In Malaysia, government-linked companies and government-linked investment companies play a significant role in shaping the Malaysian economy (Suliman et al., 2020), and have a substantial presence in the corporate sector (Bhatt, 2016). To a certain extent, Malaysian economics is regulated and overseen by Khazanah Nasional Berhad, a strategic investment fund, entrusted to make strategic investments on behalf of the country and keep and handle the government's commercial assets (The Khazanah Report, 2018).

Since the Malaysian government's initiative is to transform GLCs to be high-performance organizations, these companies are expected to be highly competitive and can adapt to the rapidly changing business environment (Hussein et al., 2016). In the sense of globalization in the free economy, government-linked firms have been exposed to significant competitions, creating a competitive and complex world as workers become wider, diversified, and agile (Suliman et al., 2020). Human resources are highly regarded as essential assets in GLCs. Hence, developing high-quality human capital (leaders and followers) who are knowledgeable and highly skilled is imperative for their performance and survival (Hussein et al., 2016). Organizational commitment in such a

way allows organizations to utilize most of their human resources by creating an atmosphere of unity and collaboration within the organization. This issue is essential for every organization since human resources and organizations work towards achieving organizational objectives, vital to corporate performance (Imamoglu et al., 2019). The success, survival, and competing power of the organizations are tied to their human resources' commitment, i.e., leaders and followers (Cherif, 2020).

Human resource management practices and servant leadership perceived as two organizational factors that effectively substitutes for each other to give effect towards positive employee attitudes and motivation, which are a concern to every organization that views employees as a source of competitive advantage and hopes to retain quality employees (Stein and Min, 2019). In this regard, the abilities, attributes, and competencies of human resources and leadership are essential to the concept of organizational commitment. This view implies the importance of the essence of the employer-employee relationship. Therefore, it is crucial to analyze the extent to which the employers, as leaders have practiced human resource management activities, which affects the employees' commitment to their jobs. (Aboramadan et al., 2020).

The global rivalry has pushed the organizations' convincing forces to embrace human resource management practices. Multidimensional human resource management practices help companies to achieve organizational and personal goals. Thus the approach to human resource management practices plays a vital role in the business's success (Jawaad et al., 2019). Nawaz (2016) asserted that human resource management practices play an essential role as senders of communications, influencing psychological contracts with employees that contribute to a clear sense of commitment. If human resource management practices are well-coordinated and observed by members of the company, employees will respond positively (Torlak et al., 2018).

Therefore, it is necessary to examine the effect of human resource management practices on organizational commitment (Nawaz, 2016).

On the other hand, there are various styles of leadership. However, leaders need to be people-oriented and focus on followers' needs (Panaccio et al., 2015). This leadership study change reflected an increased interest in servant leadership (Eva et al., 2018). Given the holistic and developmental essence of servant leadership, it is not surprising that servant leadership is positively correlated with a wide variety of attitude-related outcomes, including organizational commitment (Eva et al., 2018).

In today's fast-paced era, knowledge is considered a competitive power. Thus, the importance of experience has also lead to an emphasis on organizational learning capability (Theriou and Chatzoglou, 2014). The ever-evolving complexity of the world as each day passes has also further amplified the significance of organizational learning capability, attributable to its fluid properties and focus towards ensuring organizational progression (Dasgupta, 2012). The concept of organizational learning capability has enriched new features of the business environment. In achieving a sustainable competitive advantage, organizational learning capability has been identified as a crucial means of fulfilling today's dynamic business climate (Guinot et al., 2016).

Furthermore, worldwide rivalry and the importance placed upon learning have stipulated organizations to modify the way they generate and supply services. Therefore, these volatile landscapes have necessitated flexibility and continuous improvement of employee allegiance to stay abreast and achieve competitive advantage (Kalyar et al., 2012). Globalization and rampant swift changes have inevitably highlighted the guaranteed commitment and skilled personnel retainment as a prominent organizational obstacle (Suman and Srivastava, 2012). Thus, altogether this calls for more concentrated efforts in understanding the effect of human resource

management practices, servant leadership, and organizational learning capability on organizational commitment.

1.2 Problem Statement

Organizational studies have attempted to explore the antecedents in the field of organizational commitment, but certain aspects are still lacking. Human resource management practices and servant leadership are considered as the determinants of organizational commitment. Human resource management practices and servant leadership have a dynamic interaction that substitutes and complement each other (Stein and Min, 2019). Although the literature supports the assumption that human resource management practices encourage employee performance and positive attitudes, the research on the underlining mechanism that explains the relationship between human resource management practices and attitudinal outcomes is still evasive (Aboramadan et al., 2020). Torlak et al. (2018) asserted that although human resource management practices directly impacted organizational commitment, it is suggested that human resource management practices had an indirect relationship with organizational commitment.

Additionally, Ujma and Ingram (2019) claimed that the relationship between human resource management practices and organizational commitment does not exist in a vacuum, as there are diverse organizational and task characteristics that impact the effectiveness of human resource management practices. Jerez-Gomez et al. (2017) indicated that the impact of human resource management practices on organizational outcomes is fundamentally indirect. Therefore, research should explore mediating firm

capabilities better to understand human resource management practices in organizational performance.

On the other hand, leadership is considered a strong predictor of organizational commitment. Newman et al. (2017) asserted the study's limitation in measuring potential mediators in the relationship between different leadership styles and work-related outcomes. Therefore, to confirm the mechanisms linking servant leadership to organizational commitment, Newman et al. (2017) proposed that future empirical research could include mediators that capture the social exchange processes. When examining leadership, it is essential to figure out the organizational context in which it occurs because it does not happen in a vacuum and its effect should be examined thoroughly (Dominguez-Escrig et al., 2020).

According to Jang and Kandampully (2017), although some research has been conducted on servant leadership's influence on work-related outcomes in various contexts, little empirical research has been undertaken to explain better the mechanisms of servant leaders impact on their employees' behaviour. Meanwhile, Erdurmazli (2019) asserted that to draw a well-defined picture of servant leadership, future research must consider other organizational factors, i.e., organizational learning capability, and investigate cross-level mediation effects servant leadership behaviour on critical organizational outcomes, i.e., organizational commitment. Guinot et al. (2016) argued that this capability's effective development had not been adequately studied in organizational learning literature.

Based on the above statements, there is a need for further studies on the relationship between human resource management practices and servant leadership with organizational commitment and examine the mediation of organizational learning capability between human resource management practices and servant leadership with

organizational commitment. Hence, this study intends to fill in the gap by examining the said relationship in a selected Malaysian government-linked company to provide a comprehensive understanding of the relationship among the variables in the organizational context.

1.3 Research Question

Based on the problem statement above, the study will be guided by seven research questions within the objective of this research:

- 1) What effect do human resource management practices have on organizational commitment in a government-linked company?
- 2) What effect does servant leadership have on organizational commitment in a government-linked company?
- 3) What effect do human resource management practices have on organizational learning capability in a government-linked company?
- 4) What effect does servant leadership have on organizational learning capability in a government-linked company?
- 5) What effect does organizational learning capability have on organizational commitment in a government-linked company?
- 6) What mediation effect does organizational learning capability has on human resource management practices and organizational commitment in a government-linked company?
- 7) What mediation effect does organizational learning capability has on servant leadership and organizational commitment in a government-linked company?

1.4 Research Objective

This study aimed to examine the relationship between human resource management practices, servant leadership, organizational learning capability, and organizational commitment in a Malaysian government-linked company, specifically at Malaysia Airports Holdings Berhad by empirically examining the antecedents of organizational commitment and organizational learning capability, and how the latter impacts on the organizational commitment. This study also aimed to examine how organizational learning capability mediates the relationship between antecedents and organizational commitment. Specifically, the objectives of the study are as below:

- 1) To examine the relationship between human resource management practices and organizational commitment at Malaysia Airports Holdings Berhad.
- 2) To examine the relationship between servant leadership and organizational commitment at Malaysia Airports Holdings Berhad.
- 3) To examine the relationship between human resource management practices and organizational learning capability at Malaysia Airports Holdings Berhad.
- 4) To examine the relationship between servant leadership and organizational learning capability at Malaysia Airports Holdings Berhad.
- 5) To examine the relationship between organizational learning capability and organizational commitment at Malaysia Airports Holdings Berhad.
- 6) To examine the mediation effect of organizational learning capability between human resource management practices and organizational commitment at Malaysia Airports Holdings Berhad.
- 7) To examine the mediation effect of organizational learning capability between servant leadership and organizational commitment at Malaysia Airports Holdings Berhad.

1.5 Scope of the Study

This research was focused on organizational commitment, the predictive factors that influence it, and how the capability of an organization towards learning impacts the organizational commitment in a government-linked company of Malaysia. Two determining factors or organizational variables were identified in determining the organizational commitment within an organization, i.e. human resource management practices and servant leadership, and one or single intervening variable, i.e. organizational learning capability. The research was considered an exploratory study at the individual level, scoped to an established Malaysian government-linked company, conducted at Malaysia Airports Holdings Berhad and its subsidiaries.

Thus, the target group was at the executive level, i.e. excluding top management, which encompasses the holding company and Malaysia Airports Holdings Berhad's subsidiaries. The measurement scale was designed to be responded by the individuals within the organization. Still, the outcomes will lead to organizational holistically as personnel feedback impedes attributes to the organization. This was considered adequate as this study evaluated environmental conditions, which can only be adequately assessed by people working within that context (Chiva et al., 2007).

1.6 Significance of the Study

This research contributed to extending the influence of human resource management practices and servant leadership on organizational commitment and the impact of organizational learning capability, leading to mediating the variances of organizational commitment in Malaysia Airports Holdings Berhad. This would help the organization tackle the workforce issues on employees' commitment by enhancing learning capabilities. The employees will have a strong connection with the leaders and

intend to remain and attach closely to the organization. The employee will feel secure, empowered, and have high mutual trust with the management if they believe the organization is investing in them. This gives a clear path to the organization to gauge the employees' organizational commitment. As a result, a higher performance is expected to fulfil the organization's mission and vision.

This study contributes to the theoretical development of a comprehensive framework for explaining the relationships among human resource management practices, servant leadership, organizational learning capability, and organizational commitment in organizational services setting. Furthermore, the research contributes to expanding the growing and non-exhaustive body of knowledge in the organizational commitment concept by examining the factors that facilitate it, i.e. human resource management practices, servant leadership, and organizational learning capability.

Furthermore, the research expands Blau's social exchange theory as the underpinning theory in this study to examine the exchange relationship concept which incorporates human resource management practices bundle concept by McDuffie (1995) whereby the notion of a "bundle" is the idea that practices within bundles are interrelated, internally consistent and conceptualized as complementary; Greenleaf's (1977) servant leadership concept which concerns more on the followers; the organizational learning capability concept by Chiva et al. (2007), and Meyer and Allen's (1990) organizational commitment model with the multidimensional construct.

This study also expects to provide insight into the nature of the said relationship, particularly in government-linked companies. Human Resource professionals can use organizational learning capability as a strategic design and a commitment producing strategy by focusing on collective action (learning by doing) and reflection (insightful

questioning) embedded in an organizational culture that supports continuous learning and development.

This study's results may provide some guidelines for managers in understanding the value of the best human resource management practices and servant leadership style that could lead to more effective policies and humanity for improving organizational commitment. By looking at organizational learning capability, business people can shape learning within their organizations and analyze and transform a company's learning style. Some companies in Malaysia have not tried to reduce turnover due to the labour supply being plentiful. This situation has changed, and it has become increasingly difficult for Malaysian firms to recruit new employees. Thus, organizational learning capability as a potent strategy can be applied in handling organizational commitment at the workplace, thus increasing its long-term viability.

1.7 Operational Definitions of Research Variables

The definitions of research variables terminologies used in this research are presented below. This is to avoid any potential confusion in the interpretation of the concepts used in this research. The definitions are applied as guidelines in discussing the findings of the tested hypotheses.

1.7.1 Human Resource Management Practices

McDuffie (1995) defined human resource management practices as bundles of human resource management practices, that facilitate employee commitment and involvement, instead of focusing on particular human resource practices used independently or in isolation. Lawler's (1986) human resource management practices

known as high involvement human resource management practices framework are focused on the management approaches to involve the employee in the organization. Huselid (1995) defined human resource management practices as high-performance human resource management practices that focused more on the firm-level impact of human resource management practices through the organizational structure.

In this study, human resource management practices focus on integrating high involvement human resource management practices and human resource management practices bundles as those related to advancement, growth, and accomplishment that help individual workers achieve higher work commitment levels.

1.7.2 Servant Leadership

Greenleaf (1977) coined the word servant leadership—leader is servant first starts with the normal feeling of serving first. Van Dierendonck and Nuijten (2011) described servant leader as motivating and improving people; they display modesty, are genuine, embrace people they are for, provide guidance, and are stewards working for the good of the whole.

In this study, servant leadership is focused on the leader-follower relationship and the genuine concern on followers. This is demonstrated by empowering and developing people; by expressing humility, authenticity, interpersonal acceptance, and stewardship; and providing direction.

1.7.3 Organizational Learning Capability

Nevis et al. (1995) defined organizational learning capability by describing it as an organization's competence or undertakings to sustain or enhance performance based

on their acquired experience. Chiva et al. (2007) defined organizational learning capability as the organizational and managerial characteristics that encourage or allow an organization to learn.

In this study, organizational learning capability is focused on factors, i.e., enabling the organization to learn to facilitate and mediate the relationship determinants of organizational commitment.

1.7.4 Organizational Commitment

O'Reilly and Chatman (1986) described the commitment as the psychological attachment felt by an individual for the organization, reflecting the extent to which the person internalizes or embraces the organisation's dimensions or viewpoint. Meyer and Allen (1991) defined organizational commitment as a psychological state that (a) characterizes the employee's relationship with the organization, and (b) have consequences for the decision to continue or discontinue membership of the organizational force in the form of three bases or mindsets: affective, normative and continuance, representing emotional relations, perceived responsibility, and perceived sunk costs about the goal, respectively.

In this study, based on Meyer and Allen (1991), organizational commitment is focused on the two components, i.e., affective and continuance commitment respectively to prevent overlapping with the predictive intention on organizational commitment.

1.7.5 Government-linked Company

The company has a primary commercial objective and in which the Malaysian government has a direct controlling stake (Putrajaya Committee on GLC High-Performance Transformation, 2006). In this study, Malaysia Airports Holdings Berhad was selected for the research.

1.7.6 Malaysia Airports Holdings Berhad

A public limited company incorporated under the Companies Act of Malaysia and listed on the Main Market of Bursa Malaysia. Malaysia Airport Holdings Berhad is a component of Bursa Malaysia's benchmark index FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) and the FTSE4Good Bursa Malaysia Index (Malaysia Airports Annual Report, 2019).

1.8 Structure of the Thesis

This thesis is organized into five chapters, as follows:

a) Chapter One: The introduction chapter explains the background of the study which includes the phenomenon of interest, statement of the problem, research question and research objective, scope and significance of the study, and operational definitions of studied research variables.

b) Chapter Two: The literature review chapter provides the background of the organization studied, followed by the discussion of literature reviews which examine the main theories and identifies gaps, which formulate the conceptual framework of this research. This chapter also provides a review of the previous empirical literature on the constructs incorporated in this research.

c) Chapter Three: The research methodology chapter starts with a discussion on the research design and the design choice that has been employed. This chapter also describes the research process, research design, pilot study, instrument development, and data collection procedures.

d) Chapter Four: The analysis and results chapter explains the findings of hypotheses formulated in Chapter 3 by using the Partial Least Square Structural Equation Modeling (PLS-SEM) and Atlas.ti which is used to analyze the data and presents the results of the statistical and qualitative analysis of the data.

e) Chapter Five: The discussion, implications, and conclusion chapter summarizes the findings, discusses the implications, describes the limitations of the research, and offers suggestions for future research.

1.9 Chapter Summary

This research was introduced in the first chapter by an overview of the main research area, i.e. an organizational commitment to clarifying the determinants. It is followed by a list of issues to explain research needs and gaps. Five research questions have been established to meet the research objectives.

The scope of the study was clearly explained by focusing on a selected government-linked business company in Malaysia. This is followed by a theoretical and practical contribution to the research. Finally, this chapter is followed by the organizational analysis of the study variables and the thesis's overall structure.