

Effect of Formalization on Organizational Commitment; Interactional Role of Self-Monitoring in the Service Sector

Rizwan Qaiser Danish, Sidra Ramzan, Farid Ahmad*

Hailey College of Commerce, University of the Punjab, Lahore, Pakistan

Abstract

The aim of this study was to examine the effect of formalization on organizational commitment in the service sector of Pakistan. It further analyzes the interactional role of self-monitoring in the relationship of formalization and organizational commitment. Self-administered survey is conducted for the collection of responses from employees working in service sector. Overall 355 questionnaires were filled and used for further analysis. Structural equation modeling and regression analysis is used to determine the results. Findings suggest that formalization is positively and significantly related to affective, continuance and normative commitment. Self-monitoring also has positive and significant relationship with affective and normative commitment but has no significant relationship with continuance commitment. Results further suggest that self-monitoring moderates the relationship of formalization and organizational commitment. This study is investigated that formalization helps to enhance the organizational commitment and self-monitoring moderates this relation. As a result, this study is endeavors to fill the gap about the lack of academic literature. Results of this study do have practical implications for services sector, especially for their human resources department. It suggests to them that the formalized procedures, rules and regulations increase the organizational commitment whereas, self-monitoring further helps to moderates this relationship in employees of service sector.

Keywords

Self-monitoring, Formalization, Organizational Commitment

Received: April 10, 2015 / Accepted: April 29, 2015 / Published online: May 22, 2015

© 2015 The Authors. Published by American Institute of Science. This Open Access article is under the CC BY-NC license.

<http://creativecommons.org/licenses/by-nc/4.0/>

1. Introduction

Organizations are facing a lot of challenges in this world. Now-a-days organizational commitment is playing an important role in organizational success. The most investigated construct in research is organizational commitment because it has great effect on performance, turnover, motivation level, absenteeism, and different job behaviors. Management always tried to enhance the commitment in employees so that the performance of employees improves and which lead the organization towards success.

Formalization includes the well-defined rules and regulation which made the confident and their works with great attention and give their best. Formalization is a factor which helps to enhance the satisfaction level, motivation and organizational commitment and made the employees efficient and productive (Adler and Borys, 1996). Personality also plays an important role at the workplaces. Self-monitoring is considered as the variable of personality. It is a control of expressive behaviour and plays a key role at workplaces (Danish, Ramzan and Ahmad, 2013). It is essential for the organizations to understand that how self-monitoring is to be influenced on work-related behaviors like organizational commitment etc.

* Corresponding author

E-mail address: farid_87ahmad@yahoo.com (F. Ahmad)

Employees are considered essential for business. Organizations that do not bother to retain their committed and capable employees, cannot achieve the success. In literature not a single study found where formalization is studied with all three dimensions of organizational commitment. And self-monitoring is taken as moderating variable. The purpose of this study is to understand that formalization and self-monitoring help to enhance the organizational commitment whereas self-monitoring further moderates this relationship, in the service sector of Pakistan.

2. Literature Review

2.1. Organizational Commitment

Organizational commitment is the degree to which employee identify with a specific organization and its objective and wish to retain membership in the organization (Robbin and Judge, 2012). It is “A psychological state the binds the individual to the organization” (Allen and Meyer 1990, p.14). This concept is largely studied by researchers from last many decades. Because always highly committed employees always perform their duties with positive attitude and great effort that ultimately improve the performance of a specific organization (Danish *et al.*, 2013). Green *et al.*, (2000) mentioned that there is less possibility the committed employees leave their jobs. The valuable characteristics of highly committed employees are stability, efficiency, involve in organizational citizenship behavior and achieve the organizational objective and goals with better performance (Larkey and Morrill, 1995).

Allen and Meyer (1990) presented the three component model of organizational commitment. This model has great importance and used in different studies from many years. First component is affective commitment; in it employees are emotionally attached with the organization. Employees who have high affective commitment with organization are considered more efficient, productive and probably have fewer chances to quit from organization (Klein, Cooper, Molloy and Swanson, 2014). Second is continuance commitment, it means employees are associated with organization due to cost of leaving. Employees work in a particular organization because they invested in form of time and energy which they spent. That’s why continuance commitment is positively associated with organizational tenure and with age (Spell, Eby and Vandenberg, 2014). Whereas, in normative commitment employees considered the obligation to remains the part of organization.

2.2. Formalization

The term ‘formalization’ includes rules and regulations, policies, methods and activities of an organization in written form (Price and Mueller, 1986). Formalized practices and

procedures attract the employees towards organization. As Adler and Borys (1996) considered that formalization helps to enhance the motivation level in employees and made them more efficient. It ultimately boosts up the organizational commitment and satisfaction level in employees.

Although some of the researchers (Organ and Greene, 1982; Walton, 1985) objected on high formalization and deliberated that it is a restricted mechanism and simply worthless because it decreases the commitment the satisfaction level in employees. Morris and Steers (1980), Jermier (1982), and Greene (1978) during their studies declared that there is positive association between formalization and organizational commitment.

2.3. Self-Monitoring

Working in organizations personalities always play an important role and Snyder (1974) consider the self-monitoring a as part of personality. As Snyder (1974) suggested that self-monitoring is about control in expressive behaviors. Self-monitoring has the relevance with the workplace as Kilduff and Day (1994), and Snyder and Copeland (1987) hypothesized that it should be related to every job. Self monitoring express the individual’s behavior are social chameleons- the degree to which individuals monitor and adjust their behaviour according to the situation (Leduc, Pattie, Pargas and Eliason, 2014). In fact self-monitoring helps to enhance the job performance (Day *et al.*, 2002).

Self-monitoring also contributes to explain about changes which occur in organizational commitment, performance of an organization, pay, and leadership etc. (Miller and Cardy, 2000; Jawahar and Mattson, 2005). It is also argued that individual with high self-monitoring are more competent, performed well and attracts towards promotional opportunities but less committed with the organizations. They show very little affection commitment with the organization (Leone and Hawkin, 2006). But another fact is that no employee can perform well without having any association with organization. So it is necessary to understand that how much self-monitoring is importance for the maintenance of relationship with organizations.

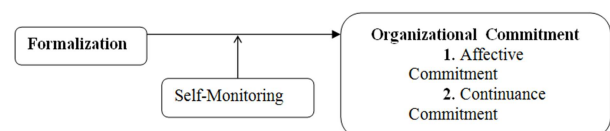


Figure 1. Theoretical Model

Theoretical Framework

2.4. Hypotheses

Following hypotheses are developed from above statement:

H1: Formalization has significant and positive relationship with Organizational Commitment.

H1a: Affective Commitment has positive and significant association with formalization.

H1b: Continuance Commitment has positive and significant association with formalization.

H1c: Normative Commitment also has direct and significant association with formalization.

H2: Self-monitoring has significant and positive relationship with Organizational Commitment.

H2a: Affective Commitment has positive and significant association with Self-monitoring.

H2b: Continuance Commitment has positive and significant association with Self-monitoring.

H2c: Normative Commitment also has direct and significant association with Self-monitoring.

H3: Self-monitoring moderates the relationship between formalization and overall organizational Commitment.

3. Materials and Methods

This study was conducted in service sector of Lahore, Pakistan. Data was collected from the employees working in different hotels, hospitals, financial and educational institutions in the service sector which covers both private and public sectors. The reasons to the select service sector are that there is high employment rate and this sector contributes in economic growth. Convenience sampling is used for data collection. Almost 680 questionnaires were distributed whereas useable questionnaires for further analysis are 355. It shows that the response rate of sample is 52%.

Questionnaire was comprised of two sections which one is used for this study. Section one related to demographics and section two is about variables. Demographics asked in

questionnaire are gender, age, marital status, sector, size of particular organization, and tenure in organization. Whereas in second section asked questions about organizational commitment, formalization and self-monitoring by using five point Likert scale. Results are to be found with the help of SPSS (16.0), AMOS 18, and ITALASSIv1.2.

4. Results and Discussions

Participants are 58% male with majority and 42% female. From respondents 47% are single and 53% are married. Whereas, 49.5% participants are belonged to public sector and 50.5% are from private sector. The average age of respondents is 25-29 years. Whereas the average job tenure of participants are fall in 3-5 years. The mostly respondents are belonged to the organization where employees are more from 500.

Before starting further analysis it is confirmed that data is normal with the help of skewness and kurtosis. All the questionnaires are ignored which have missing values during entering of data so no missing value was found. Outliers is to be detected by using Mahalanobis distance criteria but only one outlier found which did not improve the results so ignore that case. No multicollinearity and auto-correlation is found in data.

Table 1. Correlation Analysis

	1	2	3	4	5	6
1. Formalization	1					
2. Self-Monitoring	0.27**	1				
3. AC	0.31**	0.42**	1			
4. CC	0.05	0.04	0.03	1		
5. NC	0.32**	0.42**	0.66**	0.17**	1	
6. OC	0.32**	0.42**	0.82**	0.49**	0.86**	1

**Correlation is significant at the 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).
 Note: AC = Affective Commitment; CC = Continuance Commitment; NC = Normative Commitment; OC = Organizational Commitment.

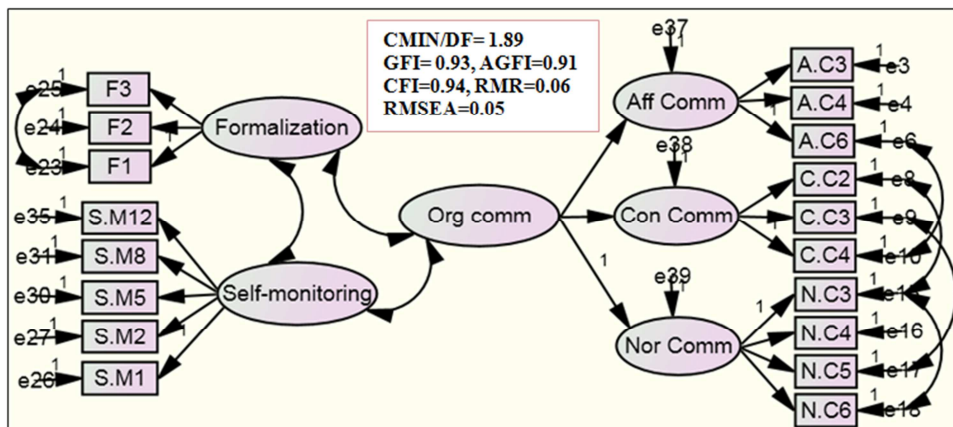


Figure 2. Confirmatory Factor Analysis

Table 1 shows the correlations between measured variables. The values of $R= 0.27$ and $P<0.01$ suggests that formalization and self-monitoring are positively and significantly related to each other. Results further shows that formalization is positively correlated with affective, normative and overall organizational commitment but insignificantly related to continuance commitment. Table shows that self-monitoring has positive and significant correlation with affective, normative and overall organizational commitment because the p values are less from 0.01. whereas, continuance commitment and self-monitoring has insignificant association with each other.

The measurement model of figure 2 is drawn with the help of CFA. In CFA no directed arrows are drawn between latent factors, as latent variables in circles suggests that. This confirmatory factor analysis suggests that variables are correlated because the model has goodness of fit. The values of $CMIN/DF = 1.89$, $RMR = 0.06$, and $RMSEA = 0.05$ suggests that model is fit. As Hu and Bentler (1999) mentioned that if RMSEA is 0.06 or less is the directing that model is fit. GFI and AGFI are 0.93 and 0.91 respectively also suggests about the goodness of model.

Model 1: Paths from Formalization and Self-Monitoring to Affective, Continuance and Normative Commitment

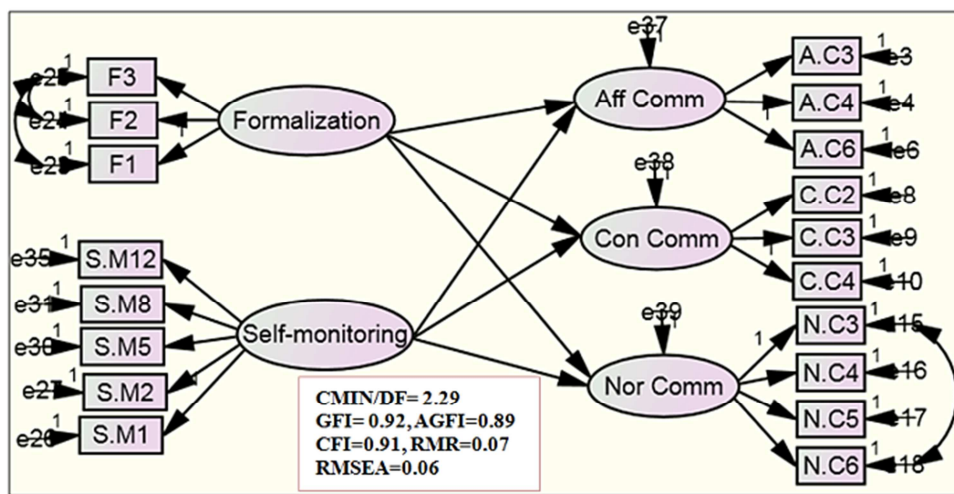


Figure 3. Subscale Composite

In figure 3 draw paths from formalization and self-monitoring to affective, continuance and normative commitment. The statistical values ($CMIN/DF= 2.29$, $GFI= 0.92$, $AGFI=0.89$, $CFI=0.91$, $RMR=0.07$, $RMSEA=0.06$) of figure 3 shows that overall model is good fit so it is acceptable. The path from formalization to affective commitment is positive and significant as these values suggested (regression Weight = 3.41, $p < 0.02$). The paths from formalization to continuance commitment (regression Weight = 2.55, $p < 0.03$) is also direct and significant. The relationship between formalization and normative commitment is also significant and positive (regression Weight = 4.72, $p < 0.02$). Thus we accepted Hypotheses H1a, H1b, and H1c.

The path analysis further suggest that the relationship between affective commitment and self-monitoring, and normative commitment and self-monitoring is also significant. Whereas these values (regression weight = 0.05, $p < 0.40$) give the direction that the association of continuance commitment and self-monitoring is insignificant. Thus hypotheses H2a and H2c are accepted but hypothesis H2b is

rejected.

Model 2: Draw Paths from Formalization and Self-Monitoring to Organizational Commitment

Table 2. Results of Regression Interaction with Formalization (N= 355)

Model	B	S.E.	Corr	T	P-value	R ²
#1	B ₀	0.00				
	B ₁	0.33	0.05	0.33	6.54	0.000
#2	B ₀	0.00				
	B ₂	0.34	0.05	0.34	6.92	0.000
#3	B ₀	0.00				
	B ₁	0.26	0.05	0.33	5.26	0.000
	B ₂	0.28	0.05	0.34	5.71	0.000
#4	B ₀	-.024				
	B ₁	0.26	0.05	0.33	5.27	0.000
	B ₂	0.28	0.05	0.34	5.64	0.000
	B ₃	0.10	0.05	0.12	2.17	0.030

B₀: Intercept
 B₁: Formalization(F)
 B₂: Self-Monitoring (SM)
 B₃: With Interaction

The above model develops by drawing paths from formalization and self-monitoring to organizational commitment (common composite). The statistical values ($CMIN/DF= 1.89$, $GFI= 0.93$, $AGFI=0.91$, $CFI=0.94$,

RMSEA=0.05, RMR=0.05) of figure 4 shows that overall model is good fit so it is acceptable. In comparison with figure 3, this model is better. Because it's statistical values are more near to criteria, and its residual errors are less. The results further suggest that (regression weight= 1.6, $p < 0.04$)

the path of formalization and self-monitoring is significant and positive. Thus we accepted H1 is accepted. The relationship of self-monitoring and organizational commitment is significant and positive so, we accepted H2 as well.

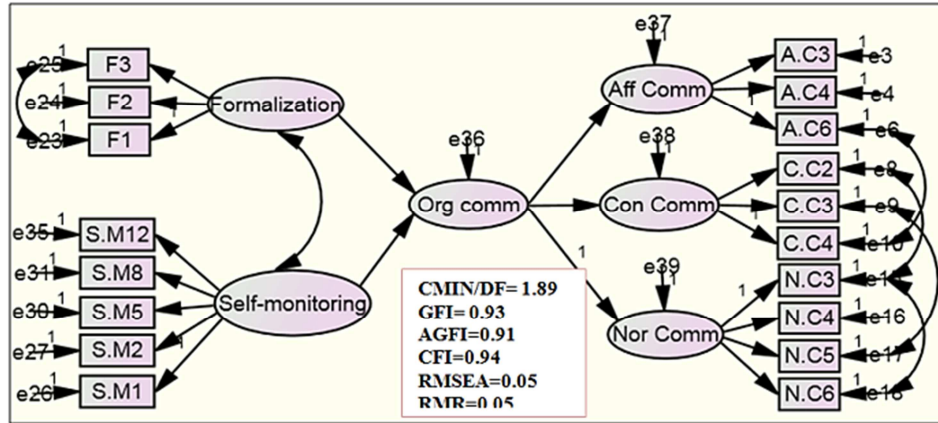


Figure 4. Common Composite

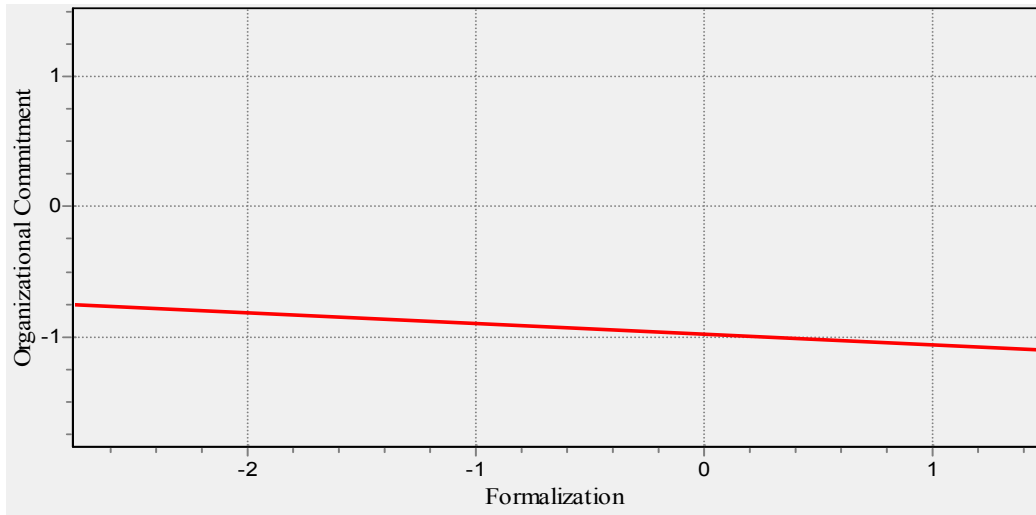


Figure 5. Relationship between Formalization and Organizational Commitment (When Self-Monitoring is equal to -3.4)

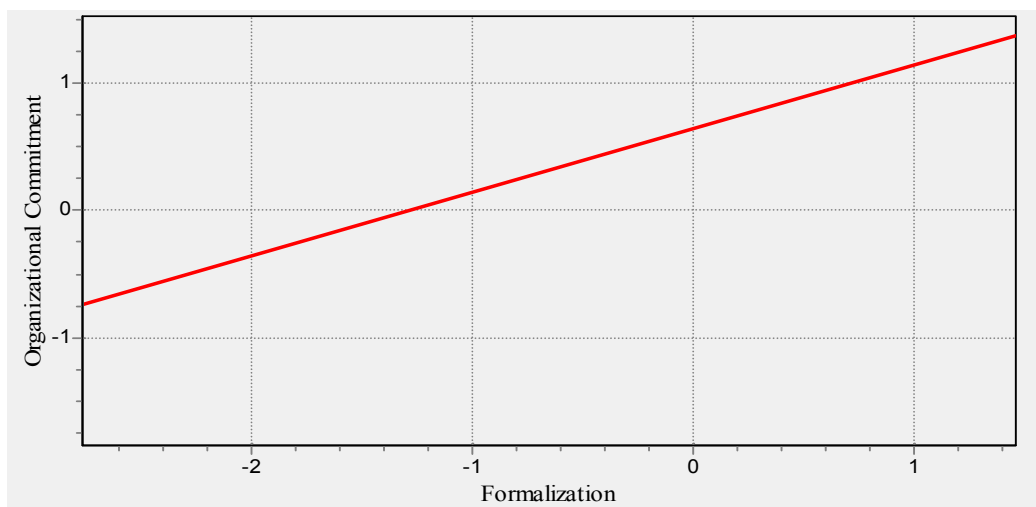


Figure 6. Relationship between Formalization and Organizational Commitment (When Self-Monitoring is equal to 2.38)

Interactional role of self-monitoring between the association of formalization and organizational commitment:

The above figure 5 suggests that there is interactional role of self-monitoring on the association of formalization and organizational commitment. When the value of self-monitoring in moderating plot is -3.4, association found between formalization and organizational commitment. Figure 6 also suggests that there is strong correlation in formalization and organizational commitment when the value of self-monitoring is equal to 2.38.

$$OC = 0.00 + 0.33 (F)$$

The model 1 of table 2 suggests that every 1 unit change in formalization will change the organizational commitment by 0.33 units in same direction. And if formalization becomes zero then organizational commitment will also move towards 0.00. Above table also explain that 11% of total variations in organizational commitment can be described with variation in formalization.

$$OC = 0.00 + 0.34(SM)$$

The model 2 suggests that every 1 unit change in self-monitoring will change the organizational commitment by 0.34 units positively. Results suggest that if self-monitoring lead towards zero then organizational commitment will also become 0.00. Above table also explain that 12% of total variations in organizational commitment can be described with variation in self-monitoring.

$$OC = 0.00 + 0.26 (F) + 0.28 (SM)$$

It revealed that every 1 unit change in formalization is increased by one unit keeping the self-monitoring constant, the organizational commitment raise by 0.26 units. If the value of self-monitoring changed by 1 unit keeping the value of formalization constant, the value of organizational commitment changed by 0.28. And if formalization and self-monitoring are moved towards zero then the resulting value of organizational commitment will be 0.00. Table 2 also analyzes that 18% of total variations in organizational commitment can be described with combined variation in formalization and self-monitoring.

$$OC = -0.024 + 0.26 (F) + 0.28 (SM) + 0.10 (F) (SM)$$

This model 4 represents that if values of formalization and self-monitoring reduced to zero then the variation occur in value of organizational commitment is just of 0.024 in opposite direction. However, if we raise the self-monitoring and formalization by 1 unit, organizational commitment will change by 0.10.

For combined effect of formalization and self-monitoring P-value is 0.03 ($p=0.03$), less from 0.05, as shown in table 2. Thus, it is concluded that the relationship between formalization and organizational commitment is changed dueto self-monitoring. Thus we accepted Hypothesis H3.

5. Conclusion

Formalized rules, regulations, procedures and different activities of an organization attract the employees towards their organization. As a result affective, continuance and normative commitment increases in employees. Whereas, self-monitoring playing a moderating role in the relationship of formalization and organizational commitment. Self-monitoring is considered as personality variable. Personality is an attitude and organizational commitments a behavior. Personality always influences the behavior, self-monitoring also has direct and indirect association with different work outcomes like organizational commitment. It is concluded that formalization enhance the organizational commitment in employees, whereas self-monitoring further moderates this relationship.

6. Limitation and Practical Implications

This research is intended to study the effect of formalization on organizational commitment, as well as analyzed the moderating role of self-monitoring in the relationship of formalization and organizational commitment. Service sector is mainly target for this paper. So the results are limited to service sector. Due to inadequate time and resources, dimensions of organizational commitment is considered as common composite for moderation.

Committed workers are required for the success of an organization. So it is necessary for the organizations to retain their employees by providing formalized rules, regulations, procedures and different activities of an organization. Organizations should also provide the proper training to their employees about personality characteristics e.g. self-monitoring.

References

- [1] Adler, P.S. and Borys, B. (1996) Two types of bureaucracy: Enabling and coercive, *Administrative Science Quarterly*, 41: 61–89
- [2] Allen, N.J. and Meyer, J.P. (1990) The measurement and antecedents of affective, continuance and normative commitment to the organization, *Journal of Occupational Psychology*, 63: 1–18

- [3] Danish, R.Q., Ramzan, Sidra, Ahmad, Farid. (2013). Effect of Perceived Organizational Support and Work Environment on Organizational Commitment; Mediating Role of Self Monitoring. *Advances in Economic and Business*, 1 (4), 312-317.
- [4] Day, D.V, Schleiber, D.J., Unckless, A.L. and Hiller, N.J. (2002) Self-monitoring personality at work: A meta-analytic investigation of construct validity, *Journal of Applied Psychology*, 87: 390-401
- [5] Green, F., Felsted, A., Mayhew, K., and Pack, A. (2000) The impact of training on labour mobility: Individual and firm-level evidence from Britain, *British Journal of Industrial Relations*, 38: 261-275
- [6] Greene, C.N. (1978) Identification modes of professionals: relationships with formalization, role strain, and alienation, *Academy of Management Journal*, 21: 486-92
- [7] Hu, L.T. and Bentler, P.M. (1999) Cut off Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria versus New Alternatives, *Structural Equation Modeling*, 6: 1-55
- [8] Jawahar, I.M. and Mattson, J. (2005) Sexism and beautyism effects in selection as a function of self-monitoring level of decision maker, *Journal of Applied Psychology*, 90: 563-73
- [9] Jermier, J. (1982) Ecological hazards and organizational behavior: A study of dangerous urban
- [10] Kilduff, M. and Day, D.V. (1994) Do Chameleons Get Ahead? The Effects of Self-Monitoring on Managerial Careers, *The Academy of Management Journal*, 37: 1047-1060
- [11] Klein, H. J., Cooper, J. T., Molloy, J. C., & Swanson, J. A. (2014). The assessment of commitment: Advantages of a unidimensional, target-free approach. *Journal of Applied Psychology*, 99(2), 222.
- [12] Larkey, L., and Morrill, M.C. (1995) Organizational Commitment as a Symbolic Process, *Western Journal of Communication*, 59, available online at Electric Library
- [13] Leduc, L. P., Pattie, M. W., Pargas, F., & Eliason, R. G. (2014). Self-monitoring as an aggregate construct: Relationships with personality and values. *Personality and individual differences*, 58, 3-8.
- [14] Leone, C. and Hawkins, B.L. (2004) Self-monitoring and close relationships, *Journal of Personality*, 74: 739-778
- [15] Miller, J.S. and Cardy, R. L. (2000) Self-monitoring and performance appraisal: Rating outcomes in project teams, *Journal of Organizational Behavior*, 21: 609-626
- [16] Morris, J. and Steers, R. (1980) Structural influences on organizational commitment, *Journal of Vocational Behavior*, 17: 50-57
- [17] Organ, D. and Greene, C. N. (1982) The effects of formalization on professional involvement: A compensatory process approach, *Administrative Science Quarterly*, 26: 237-252
- [18] Price, J. and Mueller, C. (1986) *Handbook of organizational measurement*, Marshfield, MA: Pitman.
- [19] Robbins, P, Stephen. Judge, A, Timothy.(2012). *Organizational Behavior*, 15th edition. Prentice Hall, New Jersey
- [20] Snyder, M. (1974) Self-monitoring of expressive behavior, *Journal of Personality Psychology*, 30: 526-537
- [21] Snyder, M. and Copeland, J. (1989) Self-monitoring processes in organizational settings. In Giacalone, R. A. and Rosenfeld, P. (Eds.), *Impression management in the organization: 7-19*. Hillsdale, NJ: Erlbaum.
- [22] Spell, H. B., Eby, L. T., & Vandenberg, R. J. (2014). Developmental climate: A cross-level analysis of voluntary turnover and job performance. *Journal of vocational behavior*, 84(3), 283-292.
- [23] Walton, R.E. (1985). Toward a strategy of eliciting employee commitment based upon policies of mutuality. In Walton, R. E. and Lawrence, P.R. (Eds.), *HRM trends and challenges: 119-218*. Boston: Harvard Business School Press.