

# QUALITY OF WORK LIFE ANTECEDENTS OF EMPLOYEES ORGANIZATIONAL COMMITMENT OF BANK FOR AGRICULTURE AND AGRICULTURAL CO-OPERATIVE, THAILAND

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## ABSTRACT

The purposes of this study were to; 1) investigate quality of work life of Bank for Agriculture and Agricultural Co-operative workforce 2) investigate organizational commitment of Bank for Agriculture and Agricultural Co-operative 3) identify employees resignation of Bank for Agriculture and Agricultural Co-operative 4) identify differences between quality of work life, organizational commitment and employees resignation of Bank for Agriculture and Agricultural Co-operative classified by personal factors 5) examine impacts of quality of work life and organizational commitment on employees resignation of Bank for Agriculture and Agricultural Co-operative. In this research, the data of 360 respondents were collected from Department of Northern Eastern Branch Upper; Bank for Agriculture and Agricultural Co-operative Statistics for analysis were frequency, percentage, mean, standard deviation, and the research hypothesis testing was used Pearson's correlation coefficient and simple regression analysis.

The research findings reveal that the quality of work life, the organizational commitment, and employee resignation of Bank for Agriculture and Agricultural Co-operative by mean was at 4.55, 4.68, and 1.68 respectively. The first hypothesis; only salary was statistic significant at 0.05 level different in the employee resignation, by the group of salary below 10,000 Baht had lower employee resignation, while 20,000-29,999 Baht group had higher employee resignation that other groups. The second hypothesis was found that; the quality of work life can predict the organizational commitment 37.50%, with standardized coefficients ( $\beta$ ) of .613. Also the organization commitment can predict the employee resignation 35.80%, with standardized coefficients ( $\beta$ ) of -.613.

**Keywords** - Quality of Work Life, Employees Organizational Commitment, Resignation

## INTRODUCTION

### *Background*

Work is very important to human life, which is considered to be a part of life that is more practical than any activity. Hence, quality of work life is importance in work. At present, people work to live and meet basic needs; therefore the workplace must be create happiness and security, if employee feel good for work, it will benefit both individuals and organizations. Quality of work life affects 3 organizations benefit; 1) help increase the productivity of the organization 2) enhances the morale of the employees as well as motivation to work 3) help improve the potential of workers. Creating a quality of work life is essential and important because it affects work or leads to efficiency of work which is to achieve the organization's goals. If every organization considers creating a good quality of work life, it will surely benefit the overall economy of the country as well.

In addition, executive and organization analyst are give importance to the matter of the commitment that the employees have for the organization, because it is very important to the development and existence, including making the organization able to achieve the goals. By various scholars trying to study and seeking ways to maintain employees' membership in the organization for longer, as well as increasing the employees' efficiency in the operation. Steer and Porter [10] said that organizational commitment is one of the three stages between employees and organizational relationships. In the process associated with the organization including; 1) becoming a member of the organization (Organizational Entry) 2) organizational commitment is the process by which a judge decides to have a deep bond with the organization. The organizational commitment will focus on

the extent of the feelings of the person who is united with the organization's goals. Organization commitment is values and willingness to work hard for the overall success of the organization's goals which in this sense makes the organizational commitment different from the connection with the organization or membership of the organization. Employees with high organizational commitment there will be a low level of resignation; on the other hand employees with low organizational commitment will bring low level of performance and have a tendency to retire from the organization, and high resignation 3) absenteeism and turnover is the last step of the organization's commitment process, it is the process by which a person decides to stay with the organization or leave the organization.

The Bank for Agriculture and Agricultural Cooperatives (BAAC) was established in 1 November 1966 as a government-owned bank to provide affordable credit to agricultural producers, either directly or through agricultural cooperatives and farmers' associations. BAAC assumed the functions of the Bank for Cooperatives (which had been established in 1947). In March 1993, BAAC was also authorized to lend to farmers for agriculturally-related activities, e.g., cottage industries, and more recently, for non-agricultural activities. From the beginning until the present year 2016, BAAC has entered the 50th year with a solid foundation, and has a guideline to drive sustainable missions by defining a vision for the operation that "Being a stable rural development bank with modern management provides complete financial services to improve the quality of life of farmers sustainably". In order to increase competitiveness, the BAAC places importance on human resource management and development to be good, talented, and happy, with a policy to develop to increase the capability of personnel to be ready as an important mechanism to drive the organization's mission to achieve vision as well as enhance quality of work life, organizational commitment, and learning behavior to increasing potential to be ready in line with the bank strategy, also cultivating morality and ethics in working according to the excellent management system. From the history and importance of the information described above, it is the source of this research.

### ***Objectives***

This research was examine 5 objectives as follow; 1) investigate quality of work life of Bank for Agriculture and Agricultural Co-operative workforce 2) investigate organizational commitment of Bank for Agriculture and Agricultural Co-operative 3) identify employees resignation of Bank for Agriculture and Agricultural Co-operative 4) identify differences between quality of work life, organizational commitment and employees resignation of Bank for Agriculture and Agricultural Co-operative classified by personal factors 5) examine impacts of quality of work life and organizational commitment on employees resignation of Bank for Agriculture and Agricultural Co-operative.

## **LITERATURE REVIEW**

### ***Quality of Work Life (QWL)***

Quality of Work Life has always been up in studying organizational behavior. It is evident from the history that direct studies on Quality of Work Life started pouring-in after the first paper presentation by Davis in 1972. There was a greater pressure on Quality of Work Life studies as organizations increasingly adopting the philosophy of making the man happy at work for enhancing their motivation and will to work. It is important to highlight that the pioneering work on the subject were carried out by Walton [2] which created measurement models of QWL. Especially, Walton [2]'s model has a larger number of dimensions that are based on payment, environment, opportunities, and personal life versus work. Economic, family and health related aspects to which employees are exposed as member of larger significant-society are significant factors that influence their quality of working life (Quality of Work Life) experience. He also made a point that Quality of Work Life is a time and situation bound concept that requires constant revisions and modifications as psycho-socio and organizational contents change over time. In a specific case setting, 64 employees engaged from large insurance company Delphi Panel constituted in defining Quality of Work Life. A 34 item Quality of Work Life questionnaire was developed from that definition. Tested on 450 employees of company, results showed 7 predictors of Quality of Work Life which extended beyond job content. 7 predictors, were 1) Organization to which supervisors show respect and have confidence in employee's abilities 2) Variety in a daily work routine 3) Work challenge 4) Organization to which present work leads to good future opportunities 5) Self-esteem 6) Extent to which life outside work affects work, and 7) Extent to which work contributes to society. In this research was adapted quality of work life model from the original model proposed by Walton [2], based on the dimensions: Adequate and Fair Compensations, Working Conditions, Use of capacities at work, Opportunities at work, Social Integration at work, Constitutionalism at work, Occupied space by work in life and Social Relevance and Importance of the work.

### ***Organizational Commitment***

The concept of commitment in the workplace remains a much researched topic and an intriguing trait of employee behavior. Studies in this area have also affected the conceptualization of commitment towards the job, occupation, the workgroup, representative employee bodies, and work. Research in this area has stemmed primarily from the need to establish a relationship between antecedents of organizational commitment and organizational outcomes in order to create and sustain a committed workforce contributing positively towards organizational commitment. There has been substantial review of the organizational commitment literature from the approach proposed by Becker [1] through Meyer and Allen [14] till Somers [9]. According to Becker's theory, the relationship between an employee and the organization is founded on behaviors bounded by a "contract" of economic gains. Employees are committed to the organization because they have some hidden vested investments or side-bets. Porter and his followers hence define commitment as "the relative strength of an individual's identification with and involvement in a particular organization" (Mowday, Steers and Porter,) [6], in addition concept of organizational commitment is grounded on the basic assumption of Becker's theory, i.e., commitment and employee turnover are highly correlated. Possibly the most thoroughly investigated approach to organizational commitment is the perspective advanced by Mowday and his colleagues, which emphasizes the employee's affective bond with the organization (Mowday, Porter, & Steers) [8]. This view point asserts that organizational commitment is characterized by 1) a strong belief in and acceptance of the organization's goals and values 2) a willingness to exert considerable effort on behalf of the organization and 3) a strong desire to maintain membership in the organization (Mowday et al.) [8]. The three-component model of organizational commitment developed by Meyer and Allen [11] arguably dominates organizational commitment research. This model proposes that organizational commitment is experienced by the employee as three simultaneous mindsets encompassing affective, normative, and continuance organizational commitment. Affective Commitment reflects commitment based on emotional ties the employee develops with the organization primarily via positive work experiences. Normative Commitment reflects commitment based on perceived obligation towards the organization, for example rooted in the norms of reciprocity. Continuance Commitment reflects commitment based on the perceived costs, both economic and social, of leaving the organization. This model of commitment has been used by researchers to predict important employee outcomes, including turnover and citizenship behaviors, job performance, absenteeism, and tardiness (Meyer et al.) [11]. In this research was modified the organizational commitment from the concept of Mowday, Porter, & Steers. [8]

### ***Employee Resignation***

Resignation is an act that retires or withdraws formally to an employee from a position or office he or she bears and it is the factor that affects existing employee's behavior and organizations work environments most of the times and every now and then. Manger's capacity to handle the resignation is very critical in these connections. The better handling not only avoids the misconception among the existing employees but it also relaxes the work environment by retaining the organizational trust on employees. Resignations at any work place harm always the sentiments of existing employee who foresees his/ her career within the organization and such sentimental distortion often provokes to a placid place to be turned to an unrest environment. Resignations are a ritual to any organization and the management should know the art of handling it and the consequences it pronounces in its surroundings. Whenever employees of any organization resign, there are chances that the employees of the organization may have a rage against some issue(s), and possibly get into an act which is against the organization. One of reasons for resignations is the new rules and policies and sometimes extra training by the organization. No benefits and extensive work load and responsibility stress (Wongwacharapaiboon, Sirikanokwilai & Pengpaiboon) [15]. The impact of employee resignation occurs in many dimensions. Employee resignation costs are often divided into two categories: tangible and intangible. The significant tangible costs of employee resignation are easily measured and include the costs of recruitment, selection, orientation and training, and separation. Conversely, the intangible costs are difficult to quantify, but can have considerable financial impact on the agency or organization involved. Intangible costs include low morale, disruption of work teams, increased conflicts, and lack of rapport with customers. Such intangible costs can damage the organization and can, indirectly, lead to economic losses (Roseman) [7]. Studies on resignation have established that there is scarcity of statistically validated scales to characterize employee resignation (Sager et al., 1998). Most scales in the literature measure resignation intentions on only a relatively small number of items. Many researchers have used only single item (Guimaraes) [12]. The usage of single-item indicators to quantify resignation is condemned as construct validity is anonymous (Lee et al) [16]. Only a few studies could be found where three-items (Kim & Stoner) [18]. Carmeli and Weisberg [17] used the term turnover intentions to refer to three particular elements in the withdrawal cognition process (i.e., thoughts of quitting the job, the intention to search for a different job, and then intention to quit). Mobley et al., [5] have suggested that intention to resignation is the best predictor of actual turnover dependent variable is common. Employee's resignation intention will be assessing by three-item measure. This measure was based on Mobley, Horner & Hollingsworth theory [2]. The items were: 1) I think a

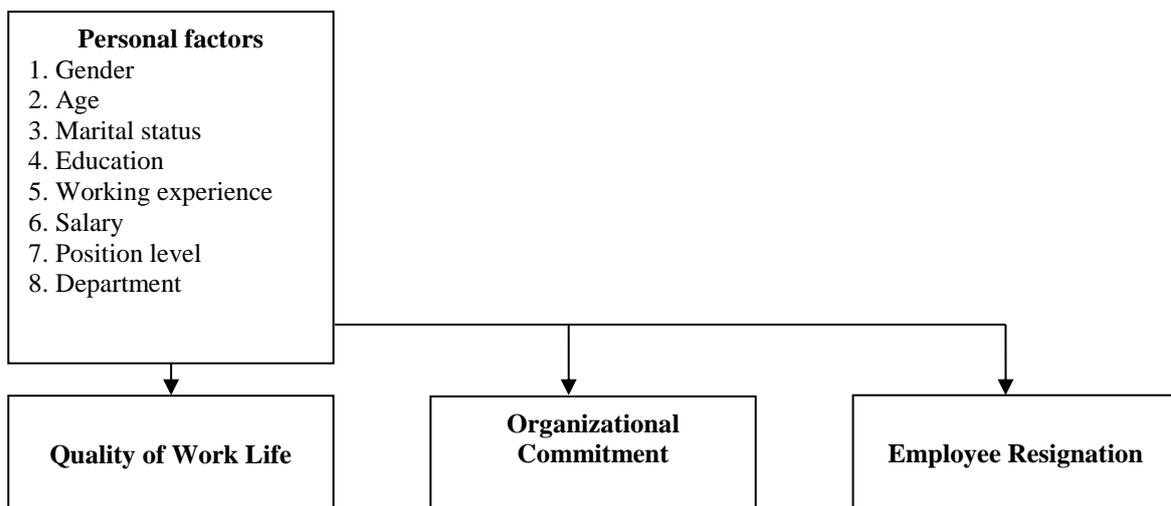
lot about leaving the organization, 2) I am actively searching for an alternative to the organization, and 3) As soon as it is possible, I will leave the organization.

Many researches were present the relation between quality of work life, organizational commitment, and employee resignation. Farid et al. [22] were study Relationship between quality of work life and organizational commitment among lecturers in a Malaysian public research university, committed employees are known as a fundamental and vital resource for the success performance of organizations. In this regard, quality of work life is being as one of the interest subject as fundamental issues on fostering employees' commitment. By the same token, this study aimed to investigate the level and relationship between quality of work life and organizational commitment amongst academic staff in a public research university in Klang Valley, Malaysia. The research found that there is a high significant relationship between quality of work life and organizational commitment. This study contributes to the existing literature and suggests some human resource development strategies on how the related ministry and universities could improve their employees' commitment. Birjandi et al. [21] were study the relationship between the quality of work life and organizational commitment of the employees of Darab Cement Company: Case study In Iran, the research reveals a positive and significant relationship between components of quality of work life and employees organizational commitment. Kuean and Singh [20] were study the relationship between organizational commitment and intention to quit: the Malaysian companies perspectives, this study examines the relationship between organizational commitment and an employee's intention to leave the organization in a Malaysian situation and includes the moderating effects of decision-making participation and the employee's work-effort on the employee-employer relationship, as well as on their job work-effort. The correlation analysis results from this study confirmed previous researcher's observations linking higher organizational commitment with lower intentions to leave the organization. The results suggest that among the three components of organizational commitment, the employee's affective or affection commitment to the organization was the most important predictor of intentions to leave. This promotes greater personal organizational commitment and eventually reduces employee's intentions to leave the organization. From the literature review the relationship between quality of work life, organizational commitment, and the resignation requirements of employees which is used as the conceptual framework of this research.

## CONCEPTUAL MODEL AND HYPOTHESES

The research conceptual framework is composed of independent variables (personal factors, quality of work life), mediator variable (organizational commitment), and dependent variable (employee resignation); the details are reported in Figure 1.

**Figure 1**  
A conceptual model of research



The research hypotheses are as follows.

H<sub>1</sub>: The quality of work life, organizational commitment, and employee resignation of Bank for Agriculture and Agricultural Co-operative are different when classified by personal factors.

H<sub>2</sub>: The quality of work life has positive influence on employee resignation thought organization commitment.

In this research, the population was the employees of Bank for Agriculture and Agricultural Co-operative in the Upper Northeastern of Thailand, sample size was calculated by Yamane [3] formula, and there were 360 of samples. Sampling was used proportional sampling and simple random sampling. Data was collected by questionnaire, by classified into 4 parts; 1) personal data of respondent 2) quality of work life question list 3) organizational commitment question list 4) employee resignation question list. The measurement of quality of work life, organizational commitment, and employee resignation was used 5-point Likert's scaling by dividing the measurement into 5 levels from 1= "Agree the least" to 5= "Extremely Agree". The internal consistency reliability (Cronbach's alpha coefficient) for quality of work life, organizational commitment, and employee resignation was .974, .922, and .896 respectively. Statistics for data analysis were frequency, percentage, mean, standard deviation, and the research hypothesis testing was used t-test, F-test (One Way ANOVA), Pearson's correlation coefficient and regression analysis.

## RESULTS

The quality of work life, the organizational commitment, and employee resignation of Bank for Agriculture and Agricultural Co-operative by mean was at 4.55, 4.68, and 1.68 respectively.

The hypothesis testing results were as follow.

H<sub>1</sub>: The quality of work life, organizational commitment, and employee resignation of Bank for Agriculture and Agricultural Co-operative are different when classified by personal factors. The finding; only salary was statistic significant at 0.05 level different in the employee resignation, by the group of salary below 15,000 Baht had lower employee resignation, while 25,000-34,999 Baht group had higher employee resignation, details of data as shown in Table 1.

**Table 1**  
The employee resignation when classified by salary

Salary	Employee resignation			
	$\bar{X}$	S.D.	F	Sig.
Below 10,000 Baht	1.01	.302	3.284	.033*
10,000-19,999 Baht	1.43	.719		
20,000-29,999 Baht	2.40	.518		
Above 29,999 Baht	1.45	.330		
<b>Total</b>	<b>1.68</b>	<b>.619</b>		

H<sub>2</sub>: The quality of work life has positive influence on employee resignation thought organization commitment. The hypotheses were used regression analysis; hence the symbols used to analyze in this research were as follows; QWL: quality of work life, OCM: organization commitment, ERS: employee resignation.

**Table 2**  
Correlation analysis between variables

Variables	QWL	OCM	ERS
<b>QWL</b>	1		
<b>OCM</b>	.613**	1	
<b>ERS</b>	-.862**	-.613**	1

Hair *et al.* [19] described the relationship between the independent variables must be less than 0.80, which is more than 0.80 may cause of Multicollinearity. This research found the relationship between the independent variables; the highest value was 0.613, it was not exceed 0.80. Multicollinearity problem was not found; therefore it could be tested by using regression analysis to the next.

**Table 3**  
The influence of quality of work life on organizational commitment

Independent Variable	Standardize Coefficients ( $\beta$ )	t	Sig.
QWL	.613	4.521	.000**
$\Delta R^2 = .375$ , SEE = .357, F = 20.438, Sig. of F = .000**			

**Table 4**  
The influence of organizational commitment on employee resignation

Independent Variable	Standardize Coefficients (β)	t	Sig.
OCM	-.613	.277	.000**
$\Delta R^2 = .358$ , SEE = .496 , F = 20.497, Sig. of F = .000**			

The research finding reveal that; the quality of work life can predict the organizational commitment 37.50% (the adjusted R<sup>2</sup> .375), with standardized coefficients (β) of .613. Also the organization commitment can predict the employee resignation 35.80% (the adjusted R<sup>2</sup> .358), with standardized coefficients (β) of -.613.

## CONCLUSIONS

The research result found that the quality of work life and employees' organizational commitment of Bank for Agriculture and Agricultural Co-operative was high; in addition, the employees' resignation was low. The hypothesis testing; the first hypothesis found only salary had statistic significant different at 0.05 level in employees' resignation, the second hypothesis found the quality of work life has positive influence on employee resignation thought organizational commitment. The results were compliance with Birjandi et al. [21], Farid et al. [22], Kuean and Singh [20] is a confirmation of the relationship between quality of work life, organizational commitment, and employees' resignation. Policy recommendation; in the aspect of quality of work life the issues of compensation such as salary and compensation suitable for the amount of work and responsibility, the compensation receive from the organization is suitable for the current economic situation, salary and compensation receive is sufficient for the cost of living were lower mean than other, therefore the administrators should be considerate a comprehensive compensation strategy can be the foundation for creating appropriate with economic environment or cost of living, customize bonuses for each team member because most of team members live in different cities which each of their cost of living is vastly different, focus on market rates rather than providing employees with a strict cost of living increase, it regularly research market rates in our area for each position. If the market rates are increasing for a giving position (e.g. engineering), it'll increase the pay for everyone in that area. This ensures that new employees don't get paid more than existing employees when the market is hot, include recognizes and rewards employee performance and helps to establish a strong culture of employee engagement. For the future research; the findings of the present study are reasonably limited in its scope with regard to Bank for Agriculture and Agricultural Co-operative. The results can be made more elaborate if a number of other corporate giants in Thailand are conducted. Hence the following researches are as are identified and suggested for further research on the Quality of Work Life of employees. In addition, from the adjusted R<sup>2</sup> of quality of work life on organizational commitment, and adjusted R<sup>2</sup> of organizational commitment on employees' resignation there cannot predict in high level, which mean there were other variables in addition to the main variables used in this study. The future study can be extended incorporating variables such as 1) self concept 2) motivation 3) occupational stress 4) organizational climate.

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