Organizational Commitment Towards Competitive Product Development

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Abstract

Secara umum organization al commitment didefinisikan sebagai keterikatan antara pekerja dan organisasinya. Keterikatan tersebut akan mendorong pekerja bertanggung jawab penuh terhadap pekerjaannya, sigap dalam setiap keadaan, dan menjadi bagian dari organisasi. Tidak adanya organization alcommitment dalam suatu organisasi akan menghambat tercapainya tujuan jangka panjang dari perusahaan. Dalam studi kasus pada PT. Express TrasindoUtama, perusahaan menerapkan skema kerjasama (partnership). Dalam skema tersebut, perusahaan memberi peluang kepada pekerja untuk memiliki kendaraan taxi yang digunakannya dengan persyaratan tertentu, sehingga meningkatkan 'rasa'kepemilikan dan menumbuhkan tanggung jawab pekerja. Skema tersebut mampu membentuk kerja sama jangka panjang dan membawa stabilitas finansial bagi perusahaan. Dalam studi kasus pada Chevron Human Energy, strategi "4+1" menunjukkan bahwa salah satu strategi perusahaan adalah terciptanya organization alcommitment, bahwa kesuksesan perusahaan digerakkan oleh pekerja dan tanggung jawab mereka terhadap perusahaan.

Keywords: Organizationa lcommitment, bounding, responsibility, stability,organization long-termgoals.

I. INTRODUCTION

Organizational commitment has been described and studied by many researchers. In literature, depending on their background, scholars have defined organizational commitment differently. In general, the term of organizational commitment has been defined as a bounding between employees and organization (Yousef, 2003; Solinger et al., 2008). It is the bounding and loyalty of an employee to organization that pushes them to commit fully to the job, responsible to any responsibilities given to them in any situation and be part of the organization. The term has been associated with a number of positive outcomes. Employees who are committed to their employing organizations are less likely to quit than those who are not (Mathieu and Zajac, 1990).Greater organizatonal commitment has also been linked to lower rates of absenteeism and better job performance (Geurt et al., 1999). A lack of commitment is an issue that undermines the long-term goals of a firm.Less committed employees are more likely to perform poorly and quit,

increasing the employee turnover. Therefore, in order to be succeed and has a long term survival, it is very crucial for the company to have organizational commitment. Not only the company must have the understanding,the company must also have the skills and abilities to build as well as develop its organizational commitment. It is, however, not something that can be comanded but instilled into the workforce.

II. PROBLEM STATEMENT

It has been stated that organizational commitment is a must have for a company to be successful. The lack of organizational commitment would lead to a poor performance, as it is experienced by Express Transindo Utama. The company runs a taxi transportation service and has been established since 1989. The first scheme, Fixed rental fee system, and second scheme, Workingwith drivers' cooperative had caused the company many problems, such as huge operation and maintenance expenses, low compliance and commitment from the drivers, infighting and conflict, failure to meet loan payments and breakdown of operation. From the problems arised, the company realized that there was a low level of organizational commitmentand they had to make a change. In 2002 it decided to transform from the old to the new management strategy, that has created a win-win solution between the company management and the drivers, as its employees. Nowadays, the Express Taxi company is one of the most successful and trusted taxi companies in Jakarta.

Before describing how the Express Transindo Utama brought the organizational commitment come into practice, it is important firstly to have an understanding on what organizational commitment is. Below explains the concept of organizational commitment, taken from various references.

III. LITERATURE REVIEW OF ORGANIZATIONAL COMMITMENT

In literature, many scholars have studied and defined the concept of organizational commitment; whatis organizational commitment, why it is important and how it can be achieved determines the level of organization success.

What is organizational commitment? Various definitions are stated in the literature. Organizational commitment is described as an attitude (Buchanan, 1974 in Solinger, 2008), an identification and an involvement (Lee, 1971 and Steers, 1977 in Yousef, 2003), and a bond or linking and loyalty (Mowday et al., 1982 in Solinger et al., 2008 and in Tella et al., 2007) of the individual to the organization.The most frequently used definition of organizational commitment is stated by Porter et al.(1974 in Yousef, 2003), that it is 'a strong beliefin and acceptance of the organizational goals and value, willingness to exert considerable

effort on behalf of the organization and a definite desire to maintain organizational membership'.

According to this definition, it has three characteristics/factors(Porter et al., 1974 in Yousef, 2003):

a. Acceptance towards organizational values and goals (acceptance of organizational goals).
b. Readiness and agreement towards working together to achieve the organizational goals (sense of involvement).
c. Wants to be part of the organization (loyalty).

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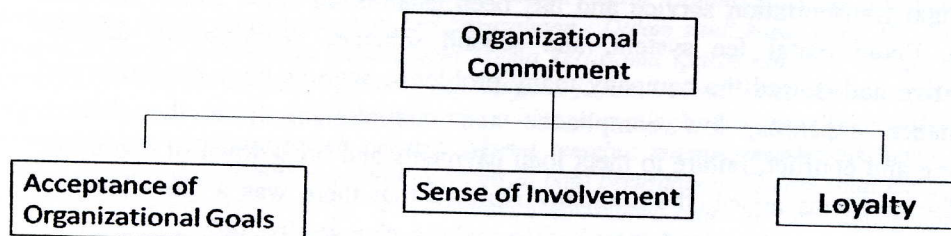
FIGURE 1 – Organizational Commitment (Porter et al., 1974 in Yousef, 2003)

Figure 1 above, shows that organizational commitment includes 3 (three) factors. Firstly, identify the acceptance of organizational goals, which serves as a basis of organizational commitment. Secondly, involvement in the form of readiness to work hard based on the their roles and responsibility. Those with high commitment will be committed to any jobs given to them. Last, but not the least is loyalty that is strong desire to be part of the organization. When loyalty exist, the employees are more likely to develop an emotional bounding with the organization. Employees with high commitment tend to have a loyalty and a sense of belonging with the organization.

There are 3 (three) types of organizational commitment (Meyer and Allen, 1991):

a. **Affective commitment**, that is an individual emotional involvement towards the organization, in the form of affection. The person wants to stay. Mowday et al. (1982) stated that the affective commitment generally fall into 4 (four) categories which are Personal Characteristic, Structural Characteristic, job-related characteristics and Work Experience.

- **Personal Characteristic**
  It includes demographic characteristics such as age, working period, achievement motive, gender, race, and personal factors. Hackmand and

Oldham (1976) asserted that individuals whose work experiences are compatible with their personal dispositions (i.e. utilization of abilities) should have more positive work attitudes than those whose experiences are less compatible.

- **Structural Characteristic**

    It includes degree of formalization, functional dependency, decentralization, participation level in decision making as well as control function within organization. Podsakoff et al. (1986) asserted that the influence of structural characteristics on commitment is not direct but rather is meditated by those work experiences such as feelings of personal importance that are associated with these structural characteristics.

- **Job-related Characteristic**

    It includes role of clarity and alignment, feedback, job challenges, autonomy, interaction chances and core job dimensions. Lee (2010) found that the engineers with higher value of job characteristics and perceived higher job satifaction tends to feel more emotionally attached with the organization.

- **Work Experience**

    Meyer and Allen (1991) asserted that the work experience variables could be divided roughly into two categories: those that satisfied employees' need to feel comfortable in the organization, both physically and psychologically; and those that contributed to employees' feelings of competence in the work role.

b. **Continuance commitment**. It involves two aspects that are involving personal sacrifice when leaving the organization and the absence of alternatives available. Before the employee leaves the organization, they consider the related losses relating to it, perhaps due to the loss of seniority over benefit or promotion. This will make the employees think twice before making the decision. The employees decided that they have to stay.

c. **Normative commitment**, that is the commitment based upon the idea that staying is the right thing to do. This commitment grew from the feeling of responsibility and obliged to the organization. The employee has a feeling of needing to stay.

When the employees feel secure and respected by their employers, they will work the hardest to support the business by providing top-quality products and services. To grow and increases the level of organizational commitment, there are certain ways to be conducted. The organizations should use the management and leadership strategies that increases the level of commitment of their employees.

According to Edratna (2009), there are 4 (four) key areas that should be worked on in order to increase the level of organizational commitment. The key areas are as follow:

- **Management and Employees' Commitment**
  Management commitment is very crucial because it pushes the improvement in performance while the employees commitment is very crucial because it increases the feeling of ownership. Internal training is also crucial, so that employees have the ability to sell and communicate well with its clients.

- **System and Procedure**
  The system and procedure guides the employees on what to do, how to complete certain tasks, why it has to be done and what are the risks if the procedure are not obeyed.

- **Tools for an organization to succeed**
  Provide tools such as training and coaching. Not every employees are able to complete the tasks given to them, one of the reasons being the lack of knowledge to get the tasks done. This is where tools such as training and coaching plays a very important role.

- **Acknowledge their performance and contributions to the organization**
  Give them challenging tasks, allow them to be more influential, derive intrinstic benefits from their position and continuously communicate on what motivates them. This way, the employees will not feel bored with their day-to-day job, instead they will be motivated and committed.

The following is the implementation of organizational commitment that has been practiced by the Express Taxi company to solve its problems, so that the company can improving its performances as it is now.

IV. IMPLEMENTATION OF ORGANIZATIONAL COMMITMENT

PT. Express Transindo Utamais a company that manages a taxi transportation service, with its main operational area of Jakarta, Indonesia. The company was founded and operating in 1989. Since then, its business model has evolved in response to changing drivers and shifting market demands.

a. **Stage 1 : Fixed rental fee system (1989 to 1993)**

This is where the company owned the taxi units and rented them to drivers on a daily basis.

b. **Stage 2 : Working with drivers' cooperative (From 1994 to 2001)**

This is a strategy where the responsibility of managing the business operations are shared with the drivers themselves via driver cooperatives. This allowed the company to align its business initiatives with the government's flagship programme that promoted the development of cooperative systems to promote citizen economic participation and empowerment. The drivers are also abled to ask for loan.

In stage 1 and stage 2, many problems are faced by the company and these showed the lack of organizational commitment. The stage 1 caused the company to incurred huge operation and maintenance expenses. The company also faced problems such as drivers stealing the cars, low compliance and commitment to the company-driver agreement, disagreement and conflict among drivers as well as high attrition rate among drivers. While stage 2, the problem arised when the Board, whom responsible for developing and strengthening the cooperative's organization and providing continuing education to members on the principles and practices of the cooperative system, ran away with the money. There are also other problems faced by the company such as infighting and conflict, failure to meet loan payments and breakdown of operation. These failure and lost incurred made the company realized that they had to change their strategy, a strategy that increases the organizational commitment creating a win-win solution.

c. **Stage 3 : Forging business partnership with individual drivers (2002 to present)**

This is where the company treats the drivers as their partners. The business model requires the drivers to pay an initial security deposit of IDR 7.5M. Besides the deposit, the drivers also have to comply with a daily fixed fee requirement of IDR235K and IDR40K as a maintenance cost reserve. After seven years, the drivers have the option of purchasing the car in the amount of security deposit value (the salvage value of a car) of IDR7.5M. This scheme has created a sense of ownership for the drivers resulting a more committed worker and a sustainable long-term partnership to the mutual benefit of both drivers and company.

The Express Taxi company put the 4 (four) keys toward organizational commitment into practice.

- **Management and Employees' Commitment**

Since the beginning, the management realized that the founding and operations of the Company are not solely to obtain economic gains but also to improve the welfare and living standard of the drivers. The management realized the importance of commitment to its stakeholders and the new scheme of partnership is introduced. Partnership scheme enables the company to help fighting poverty by forging a mutually beneficial business partnership between the core business and its drivers from impoverished urban and rural communities. The scheme has also brought financial stability to the company, based on strong reputation as a reliable, safe and efficient service provider.

The new partnership scheme created a sense of ownership for the drivers resulting a more committed worker. The reserves of IDR40K served as a maintenance cost reserves, so whatever repairs or replacement for the driver's spareparts are taken from that reserves. However, if they take a really good care of the taxi, the repairs or replacement will not take so much, they can use the reserves for their savings. There were also cases whereby there was a chaos in Jakarta, other taxi companies abandoned the taxi they are driving and save themselves. As a result, the company suffer a huge losses as the taxis left were burnt or stolen. However, this was not a case for Express. The feeling of ownership saved the company a huge amount of money.

- **System and Procedure**

Some of the company's procedures include :

1. The procedure and rules regarding the OSH in an effort to prevent accidents. So far, it has yielded positive results. The company also ensure the condition of partners (drivers) to be in top condition when driving and has understood the proper driving techniques. These procedures are aimed to maintain the safety of both partners and customers along the journey.

2. The company has procedure in handling customer's belongings that are left behind. If the driver found the customers' belonging, they are obliged to secure and submit it to the pool for storage. The left belonging are then informed to the call center services in hear office, so that if there is an inquiry from a customer, it will immediately be identified. The left belonging will be returned to the customers only when they show proof of identity and ownership.

3. The company also has procedure in following up the accourance of abuse of far meter and violation of the Company Regulations, including corruption. It is in the form of internal audit mechanism four times a year, external audit two times a year and compliance audit once a year. E.g. corruption will be classified as fifth(V) degree of violations, which carries sanction of dismissal, Article 30 of Company Regulations.

- **Tools for an organization to succeed**

  The company organize training for employees, including drivers that is aimed at improving their skills. There are four types of training that are :
  1. Functional Technical : Workshop ISO 9000, Mechanic Training, Secretary andPhotography Technique.
  2. Management: Financial modelling
  3. General:Express service excellence mentality, Rajawali corporaculture socialization.
  4. Certification:Job analysis training of trainer and mental development

The number of training hours are allocated based on the employees' position; operational,staff and manager. As for partners, the training includes :
  1. Safety driving
  2. Service excellence
  3. Basic training
  4. Socialization of digital dispatch system
  5. Eco driving
  6. Regional police briefing.

- **Acknowledge their performance and contributions to the organization**

  The company provides equal opportunities to every employee to get a performance assessment as a basis for determing promotion. They regulary perform an evaluation and assessment of the performance of each employee. The result became one of the considerations in determining career development for those who show good performance and sanction for those who are underperforming.

In the case of Chevron as one of the world's leading integrated energy companies. Their success is driven by their people and their commitment to get results the right way—by operating responsibly,executing with excellence, applying innovative technologies and capturing new opportunities for profitable growth. Chevronis involved in virtually every facet of the energy industry. They explore for,

produce and transport crude oil and natural gas; refine, market and distribute transportation fuels and lubricants; manufacture and sell petrochemical products; generate power and produce geothermal energy; provide renewable energy and energy efficiency solutions; and develop the energy resources of the future, including research into advanced biofuels.

Chevronhas its vision, one of them is "Chevron are people and an organization with superior capabilities and commitment".At Chevron, they are focused on safely delivering the energy needed to power human and economic progress worldwide. But how does Chevron do that when harnessing fossil fuels can be inherently risky? How do they do it across the world, day after day, year after year? How does Chevron keep their nearly 61,900 employees and 200,000 contractors healthy and safe each day? How does Chevron protect the environment and the communities around them while operating reliably and efficiently?

To meet these challenges, Chevron has spent more than 20 years expanding systems that support a culture of safety and environmental stewardship that strives to achieve world-class performance and prevent all incidents. They call this Operational Excellence (OE), and it drives everything they do. Their workforce truly believes that incidents are preventable, and they have policies, processes, tools and behavioral expectations in place to assist them in achieving that goal.

Developing The Chevron Way was an important step in creating Chevron culture of Operational Excellence. As a business and as a member of the world community, Chevron are committed to creating superior value for their stockholders, customers, partners, employees and the countries in which they operate. To succeed, they must achieve world-class performance and exceed the capabilities of their strongest competitors.

Chevron focus is on five critical drivers of business success, which they call "4 + 1" strategic intents. The "4" in 4+1" means delivering industry-leading performance in four key areas:

1. Operational excellence through safe, reliable, efficient and environmentally sound operations
2. Cost reduction by lowering unit costs through innovation and technology
3. Capital stewardship by investing in the best project opportunities and executing them successfully (safer, faster, at lower cost)
4. Profitable growth through leadership in developing new business opportunities in both existing and new markets.

The "1" in "4+1" is organizational capability, which means building a world-class system combining committed people, processes and culture to achieve and sustain industry-leading performance in the four key areas. Dynamic & committed leaders embody their values, set bold and competitive visions, and deliver results with

urgency. They clearly explain strategies, embrace the rate and necessity of change, inspire innovation and shape top performance. They take personal accountability for performance and growth. Skilled & committed employees have the knowledge, skills and behaviors critical to achieving Chevron goals and providing customer solutions. They are committed to and supported in personal development. Learning and innovation are constants. They learn from the best, innovate, share knowledge, and rapidly apply new ideas across the Company and for customer benefit.

Recognition and accountability mean they define expectations, ensure and evaluate performance, and reward superior achievement. World-class processes and organization, in tandem, are potent elements of superior performance. Chevron develops and quickly deploys processes critical to their strategic intents. They have an empowered, decentralized organization to enhance speed of execution and customer responsiveness.

Technology and partnerships help them extend their capabilities. They gain and apply technology and leverage partnerships.

V. CONCLUSION

It has been stated that the lack of organizational commitment would lead to a poor performance. However, when the employees feel secure and respected by their employers, they will work the hardest to support the business by providing top-quality products and services. To grow and increases the level of organizational commitment, there are certain ways to be conducted.

In the case of the Express Taxi company, the partnership scheme increases the level of ownership and regard of the vehicles, resulting in a more committed worker and a sustainable long-term partnership with the company. It has brought financial stability to the company, based on strong reputation as a reliable, safe and efficient service provider. These created win-win solutions to both company and partners. The company is now the second largest taxi operator in Indonesia, with 10.2% of market share. Express shows that organizational commitment plays an important role in organization success. Therefore, it is very crucial for the company to not only understand but also have the skills and abilities so as to improve the organizational commitment.

For Chevron as one of the world's leading integrated energy companies, their success is driven by their people and their commitment to organization. One of Chevron vision is "Chevron are people and an organization with superior capabilities and commitment". To achieve their vision, Chevron develop The Chevron Way as an important step in creating Chevron culture of operational excellence. One of the Chevron Way is invest in people to achieve their strategy.

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