

Global Conference on Business & Social Science-2014, GCBSS-2014, 15th&16th December,
Kuala Lumpur

Is job satisfaction a moderator or mediator on the relationship between change leadership and commitment to change?

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Abstract

The purpose of this paper is to investigate the mediating effects of job satisfaction on the relationship between change leadership and commitment to change in the Indonesia's State Owned Companies setting. Data were gathered from 539 State-Owned Enterprise employees. Data were collected using questionnaires about job satisfaction, change leadership, commitment to change. Descriptive analysis reported by factor analysis, reliability analysis, pearson correlation with additional hypothesis testing using hierarchical multiple regression. The results shows as follows: Job Satisfaction can be regarded as mediation variable between Change Leadership and Commitment to Change.

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Peer-review under responsibility of GLTR International Sdn. Berhad.

Keywords: Job satisfaction, change leadership, commitment to change, factor analysis, hierarchical multiple regression

1. Introduction

Commitment to change has positive impact to the organizational effectiveness, such as improved performance Parish et al., 2008); and the success of change implementation (Parish et al., 2008, Herold et al. (2007). Other issue is the issue of leadership behavior and job satisfaction has received a great deal of attention in many organizational behavior studies, including during organizational change. (Pool, 1997; Savery, 1994).

The impact of change leadership as well as job satisfaction to commitment to change is important to be studied upon. Previous study conducted by Mangundjaya (2013) showed that Change Leadership alone has no significant

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impact to Commitment to Change. In this regard, the question arises about the role of Job Satisfaction between Change Leadership and Commitment to Change. The purpose of this paper is to investigate the impact of Job Satisfaction on the relationship between Change Leadership and Commitment to Change in the State Owned Companies in Indonesia setting that undergone organizational change.

2. Job Satisfaction, Change Leadership and Commitment to Change

- Job Satisfaction

Job satisfaction is the degree to which people like (satisfaction) or dislike (dissatisfaction) their jobs (Spector, 2006). In other words, job satisfaction is defined as an emotional response to individual's task similar to the social and physical conditions of the workplace. Another definition of job satisfaction and job dissatisfaction is that job satisfaction is a pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values while job dissatisfaction is the un-pleasurable emotional state resulting from the appraisal of one's job as frustrating or blocking the attainment of one's values.

Dubrin (1992) stated that job satisfaction has positive relation with loyalty, low turnover and good mental health. Furthermore, Jewell (1990) introduced the facet concept of job satisfaction. According to Jewell (1990), job satisfaction is employee satisfaction consists of many aspects in their works, which can be measured totally or partly. The facets of job satisfaction according to Spector (2002) are as follows: Pay, Promotion, Fringe Benefit, Supervision, Co-worker, Operating Conditions, Nature of the Work, Communication and Reward. In this research, researchers will use the concept of job satisfaction by Spector (1995).

- Change Leadership

The terminology of change leadership has been discussed by Herold (2008) and Liu (2010). Change leadership defined as the behavior that target at the specific change consist of visioning, enlisting, empowering, monitoring, and helping with individual adaptation (Herold, 2008; Liu, 2010). Furthermore, Liu (2010) also mentioned that there are two factors in Change Leadership namely, a) Leaders' Change Selling Behaviour, action that attempts to promote the change during the unfreezing stage, make it clear why the change was necessary, b) Leaders Change Implementing Behavior, action to push a change forward and consolidate success throughout the implementation.

- Commitment to Change

Herscovitch & Meyer (2002) defined commitment to change as a force (mindset) that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative. This mind-set can be reflected to varying degree in three dimensions: a) desire to provide support for the change based on a belief in its inherent benefits to change (affective commitment); b) a recognition that there are costs associated with failure to provide support for the change (continuance commitment to change); and c) sense of obligation to provide support for the change (normative commitment to change).

Methodology

This part consists of four sections. The first section presents the research strategy that is conducted in this research. The second part will discuss the sampling methods. The third section will discuss tools of data collection and the fourth section will elaborate methods to analyze the data. The research strategies consist of: 1) In-depth literature review, A literature review discusses published information in a particular subject area, and information in a particular subject area within a certain time. 2) Conduct Reliability and Validity testing of the measurement tools. 3) Conducting survey. Data were collected using Convenience sampling at State-Owned Organization which conduct organizational changes, with the characteristics of respondents are as follows, permanent employees, have been working at least two years in the company, and at least Senior High School graduates. In this study, the researcher will use various scale (questionnaires) as follows: 1) Change Commitment Inventory (Herscovith & Meyer, 2002), 2) Change Leadership and 3) Job Satisfaction, which has already translated in Indonesian language, and has been tested its reliability and validity. Based on model that authors has been built, Data will be analyzed using descriptive analysis and regression analysis and SEM (Lisrel) to know interrelationship between variables.

Results and Findings

Respondent’s Profile

Table 1: Profile of respondents

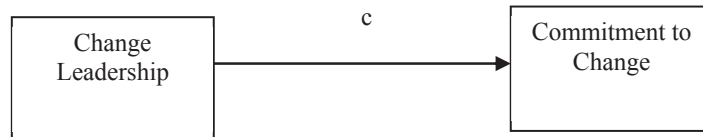
| Demographic Variables | N | % | Demographic Variables | N | % |
|-----------------------|-----|--------|-----------------------|-----|--------|
| Gender | | | Tenure | | |
| Male | 334 | 61.97 | 2-10 years | 259 | 48.05 |
| Female | 205 | 38.03 | >10 years | 280 | 51.95 |
| Age | | | Position | | |
| <25 years old | 12 | 2.23 | Non Staff | 78 | 14.47 |
| 25–44 years old | 422 | 78.29 | Staffs | 234 | 43.42 |
| 45–56 years old | 105 | 19.48 | Section Head | 79 | 14.66 |
| Education | | | Department Head | 100 | 18.55 |
| Senior High School | 7 | 1.3 | Division Head | 44 | 8.16 |
| Diploma | 36 | 6.68 | Management | 4 | 0.74 |
| Bachelor Degree | 403 | 74.77 | | | |
| Post Graduate Degree | 93 | 17.25 | | | |
| Total | 539 | 100.00 | Total | 539 | 100.00 |

From Table 1, it showed that the profile of the respondents are as follows: male (61.97%), range of age between 25–44 years old (78.29%), bachelor’s degree (74.77%), staff (43.42%), length of works more than 10 years (51.95%).

• Intermediation Variable Analysis

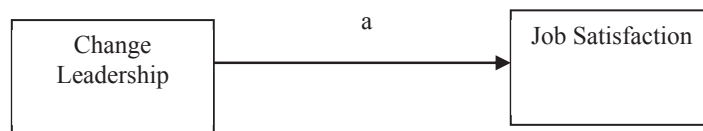
To test job satisfaction variable as intermediation variable between change leadership and commitment to change, one must fulfill several stage (Baron and Kenny, 1986):

- a) Estimate the impact of Change Leadership to Commitment to Change (see path c). Based on the estimation, c value must be significant.



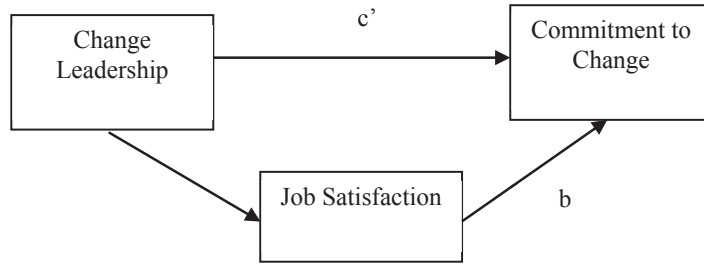
MODEL 1

- b) Estimate the impact of Change Leadership to Job Satisfaction as mediating variable (see path a). Based on the estimation, a value must be significant.



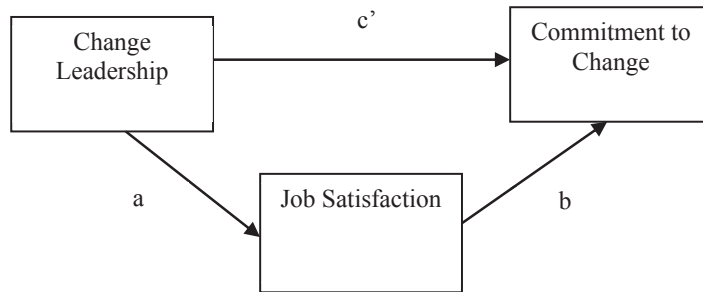
MODEL 2

- c) Estimate the impact of Change Leadership and Job Satisfaction to Commitment to Change (see path c and b). Based on the estimation, c value must be significant.



MODEL 3

Based on all stages we can draw model:



Model 4

To test the Job Satisfaction mediation effect to Change Leadership and Commitment to Change:

- Coefficient in path c in model 1 significant
- Coefficient in path a in model 2 significant
- Coefficient in path b in model 3 significant

Table 2: Summary Result

| Variable | Path Coefficient | SE | T-value | T-Value > 1.96 | Mediation Effect Criteria |
|--|------------------|--------|---------|----------------|---------------------------|
| Model 1: | | | | | |
| Change Leadership → Commitment to Change | c=0.174 | 0.0354 | 4.906 | Significant | Ok |
| Model 2 : | | | | | |
| Change Leadership → Job Satisfaction | a=0.461 | 0.0260 | 17.741 | Significant | Ok |
| Model 3: | | | | | |

| | | | | | |
|---|------------|--------|--------|-------------|----|
| Job Satisfaction -> Commitment to Change | b=0.569 | 0.0535 | 10.639 | Significant | Ok |
| Change Leadership -> Commitment to Change | c'=-0.0886 | 0.0406 | -2.184 | Significant | Ok |

Based on result from calculation to testing coefficient Job Satisfaction variable as intermediation variable between Change Leadership and Commitment to Change, all model fulfill mediation effect criteria. Testing coefficient from Change Leadership to Commitment to Change shows that T-value 4.906>1.96. This path coefficient fulfils the mediation effect criteria for model 1.

On model two, testing coefficient path from Change Leadership to Job Satisfaction shows that T values 17.741>1.96. This coefficient path fulfils the mediation effect criteria for model 2. In model three, there are two path coefficients in this model. First is Job Satisfaction to Commitment to Change, to test the coefficient from Job Satisfaction to Commitment to Change, which showed that T-value 10.639>1.96. This path coefficient fulfils the mediation effect criteria for model 3. Second, between Change Leadership to Commitment to Change, to test coefficient from Change Leadership to Commitment to Change, which showed that T-value -2.184>-1.96. This path coefficient fulfils the mediation effect criteria for model 3.

Table 3: The results of Stage 1, Model 1

TITLE: Impact of Change Leadership to Commitment to Change

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .207 ^a | .043 | .041 | .60340 |

Based on model, mean of Commitment to Change is 4, 86112 while mean of Change Leadership is 4.3975. Standard deviation of Commitment to Change is 0.61620 while standard deviation of Change Leadership is 0.73426. R² from the model is 0.043. This means that 4.3 % varian in Commitment to Change can be explained by Change Leadership, while the rest 95.7% explained by another factor.

Table 4: Change Leadership on Commitment to Change

| | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 4.097 | .158 | | 25.936 | .000 |
| Change Leadership | .174 | .035 | .207 | 4.906 | .000 |

Based on model, Change Leadership has an impact (sig: 0.00<0.05) to Commitment to Change with positive direction.

Table 5: Stage 2: Model 2

The Impact of Change Leadership to Job Satisfaction

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .608 ^a | .370 | .368 | .44278 |

R² from the model is 0.370, which means that 37 % varian in Job Satisfaction can be explained by Change Leadership while the rest 63% explained by another factor.

Table 6: Change Leadership to Job Satisfaction

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|-------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | T | Sig. |
| (Constant) | 2.204 | .116 | | 19.016 | .000 |
| Change Leadership | .461 | .026 | .608 | 17.741 | .000 |

a. Dependent Variable: Job Satisfaction

Based on model, Change Leadership has an impact (sig: 0.00<0.05) to Job Satisfaction with positive direction.

Table 7: Model 3, Impact of Change Leadership and Job Satisfaction to Commitment to Change

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .458 ^a | .210 | .207 | .54879 |

Based on model, mean of Commitment to Change, Change Leadership and Job Satisfaction are 4.8612; 4.3975 and 4.2324. Standard deviations of them are 0.61620; 0.73426 and 0.55712. R² from the model is 0.210. This means that 21% varian in Commitment to Change can be explained by Change Leadership and Job Satisfaction while the rest 79% explained by another factor.

Table 8: Change leadership, Job Satisfaction on Commitment to Change

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|-------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 2.843 | .186 | | 15.296 | .000 |
| Change Leadership | -.089 | .041 | -.106 | -2.184 | .029 |
| Job Satisfaction | .569 | .053 | .514 | 10.639 | .000 |

Based on the LISREL calculation it showed that the first stage to test the impact of mediating variable of Job Satisfaction showed that Change Leadership has significant impact (c=0.174, t (537)=4.906, p=0.000) to Commitment to Change variable. In other words, it fulfills the requirement of first criteria.

The second stage is to test the impact of independent variable (Change Leadership) to mediating variable (Job Satisfaction). Based on the result, Change Leadership has significant impact (a = 0.461, t (537) =17.741, p=0.000) to Job Satisfaction. The overall result shows that all criteria accepted. The third is testing the impact of mediating variable (Job Satisfaction) to dependent variable (Commitment to Change). In the third stage, regression process cannot be done alone from Job Satisfaction to Commitment to Change but must involve Change Leadership variable. The result shows that Job Satisfaction has significant impact (β=0.569, t (537) =10.639, p=0.000) to Commitment to Change. In conclusion, it fulfils third criteria. Based on this result, Job Satisfaction can be concluded as mediating variable between Change Leadership and Commitment to Change.

To see whether mediating variable is partial mediation or full mediation, this study test c' coefficient. C coefficient value is 0.174 while c' is 0.0886 so path coefficient value from Change Leadership to Commitment to Change has decreased after Job Satisfaction variable mediating the relationship between them. Although decreasing in c value to c' take place, the path still significant. So that, intermediation model of Job Satisfaction is partial mediation.

Discussion

The result showed that partial mediation effects were found between Commitment to Change and Change Leadership. This finding were not supporting previous study conducted by Wiliam and Hazer, (1986) who have done some causal models of commitment in which the effect of the various independent variables on commitment are fully mediated via job satisfaction. Leader is a very important variable in organizational change process, however precious research conducted by Mangundjaya (2013) showed some contradictory results about the role of Change Leadership in Commitment to Change., which stated that Change Leadership were not significantly correlated with Commitment to Change.

This finding supported the previous study by Savery, (1994); Zeffane, (1994); and Wilson, (2002) which mentioned that there is positive relationship between leadership behavior and organizational commitment. Yousef (1998) also mentioned that changes in leadership behavior will lead to the increase of the levels of organizational commitment, job satisfaction and performance (Yousef, 1998).

In other word, it can be said that in order to improve employee's satisfaction, it requires appropriate leadership behavior. This finding also supported previous findings by Albion and Gagliardi (2007) who found that during organizational change, leadership behavior are related to job satisfaction. In this regard, good change leadership followed by high job satisfaction is needed in order to achieve high commitment to change. Job satisfaction is related to employee wellbeing, and employee wellbeing during organizational change is very important, as during organizational change, people will feel stress, anxiety and insecure, and as a result good change leadership that can provide a feeling of comfort and self confidence is very much needed.

Conclusion

Based on this result, it can be concluded that Job Satisfaction plays an important role in Commitment to Change, in this regard; leader should develop and establish employee satisfaction and well being in order to develop their commitment to change. The significance of this research is important for management in conducting organizational change, as management should pay attention to their employee job satisfaction and well-being, before, during and after organizational change, in order to achieve high commitment to change from their employees.

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