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**PERCEPTIONS OF ORGANIZATIONAL COMMITMENT,
JOB SATISFACTION, AND ORGANIZATIONAL JUSTICE
AMONG LOCAL AND EXPATRIATE EMPLOYEES: THE
CASE OF THE SULTANATE OF OMAN**

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Submitted in partial fulfillment of the requirements
for the Degree of Master of Business Administration

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June 2007

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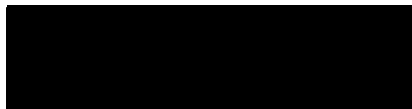
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**PERCEPTIONS OF ORGANIZATIONAL COMMITMENT, JOB
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ABSTRACT

by

AMER MADI

Organizational commitment, job satisfaction, and organizational justice are some of the most important work attitudes studied in the work literature because of their direct implications on work outcomes such as turnover, absenteeism, and job performance. In the Middle East, the study of these work attitudes is rather limited to date. With recent developments taking place in many Arab Gulf states labor markets- namely the implementation of job localization or nationalization policies- the study of these work attitudes represents a pressing and timely issue. The Sultanate of Oman is used as a case in point to assess levels of organizational commitment (affective commitment and continuance commitment), job satisfaction, and organizational justice (procedural and distributive) among Omani and expatriate employees. The basic research questions investigate whether or not there are significant differences in these three conceptualizations among Omani and expatriate employees, and whether a relationship prevails between each of organizational commitment, job satisfaction and perceptions of justice.

Based on questionnaire results distributed to 154 employees in Oman, and using hierarchical regressions, the results show that while job satisfaction is significantly higher for expatriate employees, continuance commitment is significantly more important among Omanis. Further, procedural justice is reported to be significantly positively related to affective commitment. Also, both distributive and procedural justice significantly affect job satisfaction levels in the Omani labor market.

To my family

ACKNOWLEDGEMENTS

First, I would like to thank my advisor, Dr. Rima Turk Ariss, for all her patience, guidance, assistance, and valuable recommendations. The thesis, in its present format, would not have been possible without her commendable efforts. I would also like to thank Dr. Said Ladki, and Mr. Shawki Saffieddine for serving on my thesis committee.

Special thanks are also due to my mother whose extraordinary and relentless efforts in collecting the data made all this possible. I would also like to thank her for all her moral support and for proofreading my thesis. Finally, I would like to express my gratitude to my family and friends for their support and patience.

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Chapter 1

Introduction

1.1 Background of the Study

The rapid oil boom which followed the discovery of oil in the Arab Gulf region in the 1950s, created an unparalleled wave of development that quickly transformed these countries into modern states. At the time, shortages of skilled labor in the domestic markets forced these countries to adopt open door labor policies to accommodate the rapid economic development. As a result, the Arab Gulf region became heavily dependent on expatriate workers to compensate for the lack of local talent.

Over the past three decades, however, and with a fast growing population, skilled local or national workers increasingly found themselves unemployed. In fact, by the late 1990s rising levels of unemployment among GCC nationals started to become an acute problem. By the early 2000s, the Gulf Cooperation Council (GCC)¹ member states were facing a “challenging set of problems” that had to “be addressed [in order] to maintain political and military stability in the region” (Looney, 2004). One of the challenges identified by Looney (2004) is job creation.

The GCC states responded to the rise in unemployment by adopting and implementing job localization or nationalization policies. Job localization (also referred to as nationalization or indigenization) is a term coined by the management literature to define labor policies that aim to replace expatriate workers with a national labor force

¹ The GCC encompasses Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

(Kapiszewski, 2000). In recent years, job localization has become the focal point of labor policies in many GCC countries.

Lately, however, the implementation of job localization policies has come under heavy criticism from the private sector. Specifically, concerns were raised over the consequences of such policies on the competitiveness and productivity of the sector at large. Labor laws ensure that the rights of national employees are well protected, and even more so than for expatriates. This means that firing national employees' is harder, if not impossible, compared to expatriates, even if they do not meet the job requirements or are frequently absent or on sick leave. Also, employers usually invest more time and effort in national employees who require training to gain specific skills, experience, modern work ethics and motivation. Further, national employees generally command higher salaries, expect to work for shorter hours, and they resign if not satisfied. As a result, they are on average less productive, and are more costly on a per unit time basis than their expatriate counterparts (Kapiszewski, 2000).

1.2 Purpose of the Study

The objectives of this study are to assess the levels of organizational commitment, job satisfaction, and perceptions of justice among both Omani and expatriate employees in the Sultanate of Oman. Specifically, the study aims to measure whether there are any significant differences between these conceptualizations among the Omani and expatriate work force. Finally, the study intends to identify whether a relationship exists between perceptions of justice and each of organizational commitment and job satisfaction.

In particular, the research attempts to answer the following questions:

- What are the levels of organizational commitment, job satisfaction, and perceptions of justice among the Omani workforce?
- What are the levels of organizational commitment, job satisfaction, and perceptions of justice among the expatriate workforce?
- Are there any significant differences between Omanis and expatriates in terms of organizational commitment, job satisfaction, and perceptions of justice?
- What are the relationships between salaries, benefits, and perceptions of organizational justice?
- What is the relationship between tenure and organizational commitment and job satisfaction?
- Does gender play a role in terms of perceptions of justice, organizational commitment, and job satisfaction?
- Do perceptions of justice influence organizational commitment and job satisfaction?
- What is the relationship between job satisfaction, both intrinsic and extrinsic, and organizational commitment?

1.3 Importance of the Study

Job localization policies in the GCC region have been underway for the past decade, and many GCC countries hope to accelerate this process further. In Oman, job localization has become associated with high levels of absenteeism and turnover rates. According to the Economic Intelligence Unit Country Report (EIU, 2006) the private sector is worried “about the work ethics of Omanis compared with expatriate staff, as well as the absenteeism of local workers, who are harder to dismiss because of the protection they enjoy under local employment laws.”

Given the increasing presence of local or national workers in the private sector, the study of differences in work attitudes of expatriate compared to local employees is a timely issue. Specifically, the study of three work attitudes; organizational commitment, job satisfaction, and organizational justice, is of particular importance due to the direct implications that these conceptualizations have on work outcomes such as absenteeism, job performance, and turnover.

1.4 Organization of the Study

In order to address the different research questions stated above, a survey questionnaire was distributed to various sectors in Oman, and the results were analyzed using different techniques. The rest of the study is organized as follows. Chapter two provides a contextual background to the issue of job localization in the Arab gulf region. Chapter three overviews the existing literature on organizational commitment theory and discusses its implications on three work outcomes: absenteeism, turnover, and job

performance. Chapter four summarizes the literature on the conceptualizations of job satisfaction and organizational justice, and highlights their implications on the same three work outcomes discussed in chapter three. Chapter five outlines the research design, questions, and hypotheses development. Chapter six presents the results of the field study of 154 Omani and expatriate employees that tests the hypotheses developed in chapter five, and chapter seven concludes by discussing the implications of the findings and recommending future directions for research.

1.5 Limitations of the Study

The study intended to cover various sectors and organizations in the Sultanate of Oman. However, due to time constraints and the scarcity of organizations willing to participate in the study, the sample size was relatively small. Therefore, the conclusions of the study should be viewed with caution before making any generalizations.

Further, since both the independent and dependent variables used in the study are self-reported items (drawn from the same questionnaire), they are susceptible to common method variance.

Chapter 2

Job Localization Policies in the Arab Gulf Region

The aim of this chapter is to provide a contextual background to the issue of job localization in the Arab Gulf region. Section 2.1 provides a brief historical account on labor migration trends in the Gulf region and the development of the labor market. Three phases are discussed: the major influx of expatriate workers, the Asian presence, and the rise of open unemployment among GCC nationals. Section 2.2 depicts the current labor market situation. Section 2.3 defines job localization and overviews the different job localization policies that are being implemented in the GCC member states. Lastly, section 2.4 concentrates on the situation in the Sultanate of Oman.

2.1 Labor Market Phases in the Arab Gulf Region

The oil boom, which followed the discovery of oil in the GCC region in the 1950s, produced an unprecedented wave of development that transformed these desert sheikhdoms into modern states. This development was accompanied with rapid population growth caused primarily by an influx of foreign workers. In fact, between 1950 and the year 2006, the population in the GCC states grew ten times from 4 to 40 million (Kapiszewski, 2006). According to Kapiszewski (2006) “the employment of large numbers of foreigners has been a structural imperative in these countries, as the oil-related development depends upon the importation of foreign technologies and requires knowledge and skills alien to the local Arab population” (p.1).

The oil boom also enabled GCC governments to develop expansive “womb to tomb” welfare systems. However, over the past two decades, these systems became associated with “low participation rates of national manpower, reduced productivity levels especially in the government sector, underemployment of nationals in the civil service sector, and the recent structural open unemployment of nationals” (Girgis, 2000, p.1). This section discusses three phases in the development of the GCC labor market: the major influx of expatriate workers, the Asian presence, and the rise of open unemployment amongst nationals.

2.1.1 Oil Boom Period: 1970s and early 1980s

The sharp rise in oil prices in the 1970s provided the GCC states with much needed capital to fund and execute intricate national modernization programs (Yousef, 2005). The programs included massive infrastructure projects to build new roads, communications networks, public utilities, ports, and desalination plants. GCC governments also set up free education and health care systems to accelerate the modernization process. However, since they were at the time suffering from national labor shortages, an open door labor policy was adopted to match the rise in labor demands. As a result, expatriate workers “migrated in droves without visible restrictions” (Yousef, 2005). The influx of foreign workers was substantial and dominated the labor market. In fact, by the mid 1980s expatriates represented close to 70 percent of the total workforce and almost 26 percent of the population in the Gulf region (Yousef, 2005).

A significant portion of the expatriate workers imported to the Gulf region were non-local Arabs from Yemen, Egypt, Sudan, Jordan, Lebanon and Syria. Owing to their cultural, religious, and linguistic compatibility with the national population, expatriate Arab workers were initially welcomed in the GCC states. However, this started to change by the mid 1980s, when GCC governments began to prefer Asian workers over non-local Arabs giving rise to the second phase in the development of the GCC labor market, called *the Asian presence*. The motives behind this shift are attributed to economic, political, and social reasons (Kapiszewski, 2006).

2.1.2 Oil Bust Period: mid 1980s to mid 1990s

The sharp decline in oil prices in the mid 1980s drove most private and public employers to cut down on costs, including labor costs. By then, most of the major infrastructure projects had been completed, and with the deceleration in economic growth, governments had started to shift their attention from development towards maintenance. All of these developments were favorable to Asian workers who had traditionally commanded lower wages than Arab nationals and were readily available. As such, the substitution of less skilled Asians for Arab workers started taking place (Girgis, 2002).

These developments also coincided with a shift in preference for Asian workers by GCC governments. As was mentioned earlier, economic, political, and social reasons were the main drivers behind this change. Gulf authorities were particularly worried about the role that non-local Arabs were playing in spreading “radical social and political concepts (such as secularism) and cultivating undesirable loyalties” (Kapiszewski, 2006,

p.6). This was evidenced when labor strikes organized by Arab expatriates threatened the internal stability of Saudi Arabia, Kuwait, Bahrain and Qatar. Furthermore, the GCC states were also worried about the ramifications of what they perceived as the “Egyptianization” of their local dialects and cultures through the education system which had been, up until then, dominated by Egyptians (Graz, 1992).

These events coupled with the declining oil revenues only served to reinforce the preference for Asian workers. Unlike their non-local Arab counterparts, Asian workers were not perceived to be of any threat to the GCC states. Moreover, they were considered to be more attractive because they were easier to layoff, and were perceived to be more obedient, efficient, and controllable (Ghobash, 1986; Girgis, 2002). As a result, the number of non-local Arab workers started to decline, replaced by nationals from India, Sri Lanka, Philippines, Thailand, Bangladesh, and Indonesia (Kapiszewski, 2006). Table 2.1 depicts the size of the Arab expatriate workforce in the GCC region over the past three decades. Figures in table 2.1 show that the percentage of expatriate Arab workers declined from 72 percent to 56 percent between 1975 and 1985. The percentage of expatriate Asian workers, on the other hand, grew from 12 percent in 1975 to 41 percent in 1980, to reach 63 percent of the labor force by 1985 (Russel and Teitelbaum, 1992).

Table 2.1 Arab share of the Foreign Population 1975-2002/4 *

	1975	1985	1996	2002/4 [†]
Bahrain	22	15	12	15
Kuwait	80	69	33**	30**
Oman	16	16	11	6
Qatar	33	33	21	19
Saudi Arabia	91	79	30	33
UAE	26	19	10	13
GCC	72	56	31	32

* Based on estimates, in percentages

Source: The ratios for 1975 and 1985 – Birks (1988), Birks et al. (1988) and Winckler (2000); for Kuwait in 1996 from the Public Authority for Civil Information; for Oman in 1996 from the Ministry of Planning, *Statistical Yearbook 1996* (Muscat); the ratios for the other countries in 1996 and in 2002/4 are the author's estimates based on various sources. See also: the GCC Demographic Report (1998). † data for the years 2002, 2003 or 2004; ** – including the *bidun* (Kapiszewski, 2005).

Up until the beginning of the oil bust period, around the mid 1980s, GCC nationals had traditionally had ample job opportunities to choose from in the expanding public sector. The fact that the public sector offered higher salaries, job security, and other generous fringe benefits not matched by the private sector, made it the primary choice of employment amongst GCC nationals. However, things started to change towards the mid 1990s, when the number of GCC nationals over the age of 15 joining the work force started to increase (Yousef, 2005). This gave way to the third and last phase in the development of the GCC labor market, termed the *Open unemployment of GCC nationals*.

2.1.3 Open Unemployment Period: late 1990s - present

By the late 1990s, the increasing numbers of able young nationals- both men and women- over the age of 15 joining the workforce, together with the end of the cold war, the two gulf wars, the declining oil revenues, and the depletion of foreign assets, started

to have their toll on the GCC states. As a result, GCC governments found themselves, for the very first time, faced with unprecedented financial constraints (Girgis, 2002). Budget cuts ensued, and the public sector, which had traditionally been the key employer of GCC nationals, albeit, overstaffed and overstretched, was unable to hire any more nationals. To exasperate the situation, the private sector was unwilling or reluctant to hire locals who, for the most part, lacked basic skills and demanded higher wages (Girgis, 2002). Furthermore, the deceleration in economic growth meant that fewer jobs were being created, and GCC nationals found themselves unemployed for the first time.

The situation was frustrating, if not incomprehensible, to new national entrants in the labor market. The fact that they were unemployed was paradoxical, since in their psyches the public sector was responsible for employing all national workers. In a sense, this was an unwritten rule that most nationals had come to accept and expect of their government. This raised serious concerns for GCC governments who had started to of fear possible political unrest as a result of rising unemployment. Moreover, GCC governments were further alarmed at the fact that most of the unemployed were secondary and intermediate school graduates who had lacked the necessary qualifications demanded by the private sector, and the fact that private as well as public training institutions had been ineffective (Girgis, 2002).

Job localization or nationalization policies were thus adopted by these governments in an effort to curb rising unemployment. However, it is necessary to give a snapshot of the current labor market situation first, before proceeding with defining job localization.

2.2 The Current Situation of the GCC Labor Market

Table 2.2 shows the percentages of the expatriate population compared to the total population. These statistics suggest that there were 12.5 million expatriates in the Gulf region by the end of 2004, or around 37 percent of the total population. As illustrated, expatriate workers represent more than 80 percent of the UAE's total population, the highest percentage among GCC states. In contrast, expatriates in Oman and Saudi Arabia comprise a much smaller percentage, about 20 and 27 percent respectively (Kapiszewski, 2006).

Table 2.2 Population of the GCC States in 2004

	Nationals 2004	%	Expatriates 2004	%	Total 2004
Bahrain	438,209	62	268,951	38	707,160
Kuwait	943,000	36	1,707,000	64	2,650,000
Oman	2,325,812	80	577,293	20	2,903,105
Qatar	223,209	30	520,820	70	744,029
Saudi Arabia	16,529,302	73	6,144,236	27	22,673,538
UAE	722,000	19	3,278,000	81	4,000,000
GCC	21,184,323	63	12,486,349	37	33,677,832

Source: Publications of the government agencies of the GCC states for mid- or end 2004. See also: quarterly reports of the Economist Intelligence Unit (London). Numbers for nationals and expatriates in Qatar are rough estimates due to the lack of official data.

The presence of expatriate workers in the workforce, however, is much more dominant and acute. For the year 2004, around 70 percent of the labor force consisted of non-nationals, with expatriate workers, as a percentage of the total workforce, representing close to 50 percent in Bahrain, 65 percent in Saudi Arabia, 77 percent in Oman, 82 percent in Kuwait, 90 percent in Qatar and the UAE (Human Rights Watch, 2004; Fasano and Goyal, 2004). The problem of unemployment and the presence of a

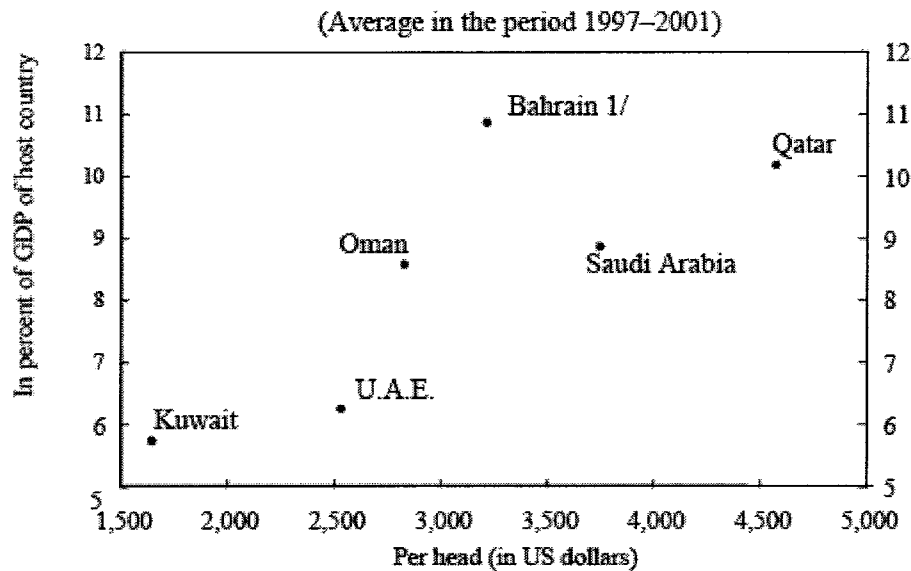
large expatriate workforce become more pronounced when considering the fact that there were an estimated 480,000 unemployed nationals in the GCC countries in the year 2004, resulting in an estimated unemployment rate of (Yousef, 2005). These numbers are expected to grow as more young nationals graduate from universities and secondary schools. With nearly half of the population under the age of 18, this constitutes a major challenge to the GCC states (Girgis, 2002). It is therefore not surprising to note that the presence of expatriate workers, in particular, is viewed as a burden on these states and according to the Bahraini Minister of Labor and Social Affairs, a “strategic threat to the regions future” (www.middle-east-online.com, October, 2004).

More recently, however, Abdul Rahman Al Attiya, the GCC secretary-general, warned that “the GCC countries need to look at the massive presence of expatriates basically as a national security issue, and not merely as an economic matter... International accords are pressing for the settlement of expatriates and imposing giving them salaries equal to nationals and greater rights in areas of education and health.” Along the same lines, James Zoghby, the president of the Arab American Institute, cautioned that expatriate workers were a “time bomb waiting to explode and unleash riots like those that rocked France” (Gulf News, 24 November, 2005).

In economic terms, the expatriate labor force creates a substantial drain on the hard currency earnings of the GCC states. According to Al-Bassam (2004), migrants’ remittances to their countries of origin amount to \$27 billion each year, with \$16 billion coming from Saudi Arabia alone. In 2001, for example, remittances represented around 10 percent of total Saudi GDP (Al-Madinah, 16 July, 2002). Figure 1 illustrates this

further; remittances have, on average, ranged between 6 – 11% of GDP of the host country per year (Fasano, 2004).

Figure 2.1 Annual Expatriate Workers' Remittances Abroad



Source: Fasano et al., 2004

Furthermore, expatriates are also considered to be a serious threat to the national culture, social structure, identities and values of the GCC countries (Kapiszewski, 2006). According to the Bahraini Minister of Labor and Social Affairs, “we should save future generations from having their culture lost” (Kapiszewski, 2006). As such, mounting political, economic, and social pressures on GCC governments, have only forced them to rapidly enforce job localization or nationalization strategies, the topic of the next section.

2.3 Job Localization

Job localization (also referred to as nationalization or indigenization) is a term coined by the management literature to define labor policies that aim to replace expatriate workers with national ones (Kapiszewski, 2001). As mentioned earlier, rising rates of

unemployment among GCC nationals, together with political, economic, and social pressures, have forced most- if not all- GCC governments to adopt and push for the implementation of such policies. The objective is to create more job opportunities for the local workforce by forcing the private sector to substitute their foreign workers with local ones.

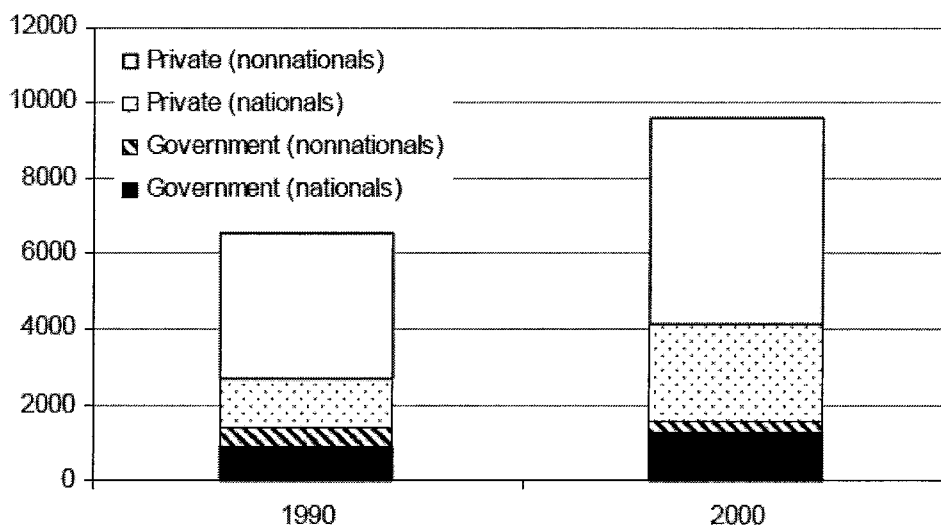
While the objective is the same across the GCC states, the mechanisms placed for achieving job localization and the degree of commitment in applying these policies varies. In general, however, these mechanisms or instruments include quotas, employment targets of nationals, and wage subsidies to the private sector for the employment of nationals (Kapiszewski, 2000). Moreover, GCC governments “have also regulated the issuance of work permits, raised the costs of expatriate labor through higher fees on foreign labor, and more severely enforced their immigration and labor laws” (Girgis *et al.*, 2003).

These measures appear to have produced some tangible results (Girgis *et al.*, 2003). Figure 2.2 compares between the number of expatriate and local workers in both public and private sectors for the years 1990 and 2000. As indicated, the share of nationals in both the public and private sector increased over the 1990-2000 period, from 65 percent to 80 percent, and from 25 percent to 35 percent respectively in Bahrain, Kuwait, Oman, and Saudi Arabia.

Figure 2.2 also shows that the localization of the public sector appears to have been easier to achieve than the private one. This is because nationals have traditionally expressed greater interest in this sector due to the non-competitive environment, the

prestige associated with the job, the better salaries and the less demanding work (Kapiszewski, 2000). Conversely, the competitive nature of the work environment in the private sector, as well as lower salaries, and longer working hours have made the private sector less desirable among nationals. In addition, nationals appear to be less accepting of having to deal with an expatriate supervisor (Kapiszewski, 2000).

Figure 2.2 Job Localization in the GCC, 1990-2000



Source: Girgis et. al, 2003

On the other hand, the private sector has not completely fulfilled its legal obligation as set out by the GCC governments' job localization policies. According to Kapiszewski (2000) "publicly they (private sector) claim a lack of sufficient number of nationals to take over jobs from expatriates; in reality they have used this argument as an excuse not to implement these rules" (p.13). Moreover, these policies have come under heavy criticism from the private sector, which has warned against the forceful implementation of localization. According to Yousef (2005) some of these policies

might be counterproductive as they raise the costs for private firms (increased administrative costs and salaries) and reduce their employment flexibility. The productivity, competitiveness, and profitability of local firms might therefore be jeopardized as a result. In fact, even the United Nations Economic and Social commission for Western Asia has warned GCC governments of the adverse economic effects of rigidly enforcing job localization policies (Kapiszewski, 2000).

However, economics aside, numerous obstacles still exist to localizing the workforce. Education is perhaps one of the most important of these. While substantial progress was achieved in education in the GCC countries, the educational system is not able to adjust in time to the needs of modern economic development. The major dilemma faced by GCC authorities in this regard, is how to balance between the need to produce a western-type of education with the need to maintain traditional Muslim values (Bahgat, 1999). As such, the educational system is still in a transitory state with the vast majority of programs offered being theoretical and book-oriented (Bahgat, 1999). Perhaps for this reason the number of university students pursuing either religious or social studies instead of technical or business related fields - areas of interest to the private sector- has been much higher (Fasano, 2004). This fact is also attributable to the *unwritten rule*-guaranteed employment in the public sector- that has come to characterize the employment expectations of GCC nationals. As a result, GCC nationals opt for “easier” majors expecting to be employed by the public sector upon their graduation. To illustrate this in numbers, according to the United Nations Arab Human Development Report (2002), 38 percent of university graduates in 2001 majored in Islamic or social studies, 34 percent in education, while only 11 percent and 18 percent majored in business

administration and technical studies respectively. As such, most new entrants to the labor market do not possess the necessary skills required by the private sector (Girgis, 2002).

Another aspect of the education and training system is its incompatibility with the local labor market requirements. Limited communication between planners of economic and labor markets and planners of education are partially to blame for this (Fasano, 2004). As a result, skill mismatches and limited number of skilled professionals- e.g. accountants, business managers, computer specialists, doctors and nurses- have come to characterize the GCC labor market (Fasano, 2004).

Lastly, the attitude of the private sector is another obstacle for localization. From the private sector's perspective, there exist few incentives to hire GCC nationals. For example, labor laws ensure that nationals are well protected, while the same does not apply to expatriates. In basic terms, this means that firing national employees is harder, if not impossible, even if they do not meet the job requirements or are frequently absent or on sick leave. National employees also require training, since they usually lack the required skills, experience, modern work ethics and motivation. They command higher salaries and expect to work shorter hours. They resign if not satisfied and are generally less productive, and thus they are more costly on a per unit time basis than their expatriate counterparts (Kapiszewski, 2000).

The preceding discussion has outlined some of the challenges that are facing GCC authorities in their effort to localize the work force. In the next section, a brief overview of the different job localization policies in place in each GCC country is discussed. Special attention is then given to Oman in the final section.

2.3.1 Job Localization Policies across the GCC Countries

As mentioned earlier, different localization policies were adopted throughout the GCC states. A brief overview of these policies is presented below:

Saudi Arabia. In a bid to discourage foreign participation in certain labor classes, the Saudi authorities have restricted 34 professions to Saudi citizens only, with 22 others planned. Moreover, a 10 percent upper limit on any expatriate nationality is to be imposed. A 5 percent increase in the ratio of nationals in total employment is required from firms with 20 or more employees (Girgis, 2003). The Saudi government has also expressed its determination to reduce the number of expatriate workers to 20 percent of the total population by 2013. To that endeavor, an independent new ministry of Labor was established in 2004 to oversee the nationalization process (Al-Dosary and Rahman, 2005).

Bahrain. The Ministry of Labor and Social Affairs intended to restrict the issuance of work permits in 2005¹. Moreover, temporary work permits will be issued to certain sectors where Bahrainization is to be encouraged. In 2001, subsidies were offered for training Bahraini nationals, but were linked to the degree of Bahrainization achieved in companies. Other incentives such as duty-free imports of raw material and machinery are also related to Bahrainization (Girgis, 2003).

Qatar and United Arab Emirates. The issue of job localization has not been of primary importance due to the fact that these two states have a low indigenous population. As such, the private sector was able to absorb most, if not, all national workers to date.

¹ Due to scarce data, it is not possible to verify if this has been implemented or not

However, shortages in national manpower to meet private sector labor demands have necessitated flexible and open labor policies (Girgis, 2003).

Kuwait. In 2000, a labor law calling for the inclusion of national workers in the private sector in government social allowances was passed. The bill also called for the establishment of an unemployment insurance plan, and for providing training subsidies. Kuwaitization targets were also established, and government contract awards were linked to the level of Kuwaitization. The law also set penalties for underachieving pre-set Kuwaitization targets and new fees were levied on expatriates in a bid to minimize the wage gap (Girgis, 2003).

2.4 The Case of the Sultanate of Oman

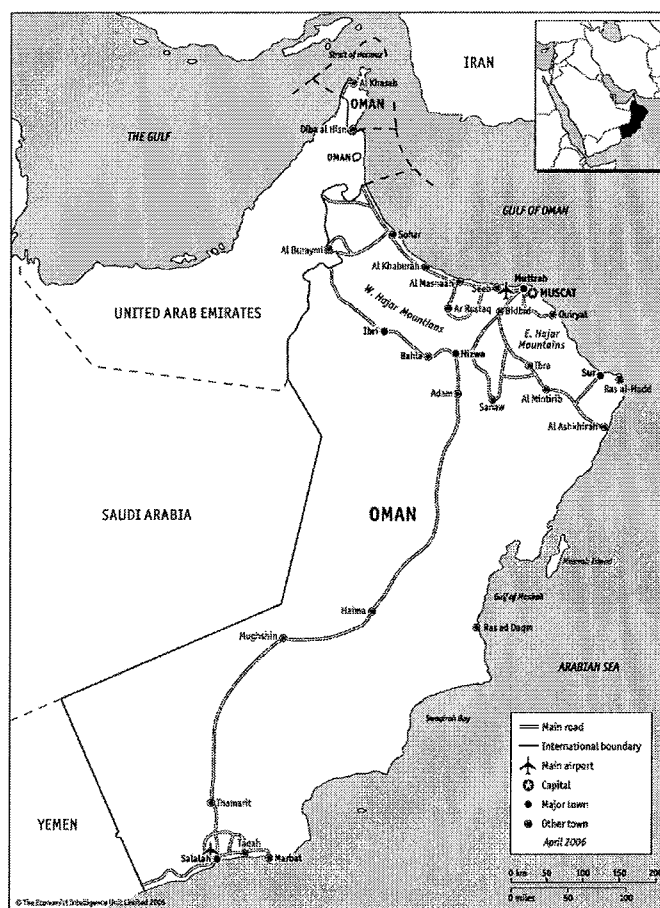
2.4.1 Political and Economic Overview

The Sultanate of Oman is situated in the south-eastern tip of the Arab Gulf region (see Figure 2.3). Oil was discovered in Oman in the 1950s and exports started in 1967, but the ruler of Oman back then, Sultan Said bin Taimur, did little in terms of economic development with this new source of income (EIU country report, 2000). Three years later, in 1970, supporters of his son, Qaboos Al-said, perpetrated a palace coup, forcing Sultan Said bin Taimur to abdicate and accept exile (Peterson, 2004). Sultan Qaboos assumed power, and two weeks later made his first appearance in Muscat (the capital) marking the beginning of a new era (Peterson, 2004).

At the time of Sultan Qaboos's accession to power, Oman was still in the midst of fighting an armed insurrection in the southern region of the country, Dhofar. The revolt,

which was launched in 1965, was led by the communist-dominated People's Front for the Liberation of Oman (PFLO). However, with the military assistance from the UK, Jordan, and Iran, the Sultan was finally able to defeat the rebels in 1975 (EIU country report, 2000).

Figure 2.3 Map of The Sultanate of Oman



Source: EIU country report, 2006

Upon the termination of the “Dhofar” war, the Sultan turned his attention to economic, social and educational development. The challenges facing Oman in the early 1970s were indeed substantial. The policy against formal education imposed by Sultan

Qaboos's father, together with the poor state of the country, meant that there were few educated Omanis. Moreover, the country lacked any kind of infrastructure, including a modern port, schools, roads, electricity, and even government office space (Peterson, 2004).

With the onset of the oil-price boom, the government of Oman found itself with greater financial resources for development. Thus, the period between 1970s to mid 1980s witnessed the initiation and execution of most extensive development plans. The development of Muscat as the capital, however, remained the focus of successive development plans. By the time of the oil bubble burst in 1986, "the building of Muscat was nearly complete, with an urban road system in place, the groundwork laid for a quilt of modern suburbs, a shining new row of government ministries along the main road to the airport... and plans for the country's first university underway" (Peterson, 2004, p. 131).

Much of the rapid development in Oman was fueled by the hydrocarbon industry, specifically crude oil. In fact, since 1980, crude oil has accounted for over 30% of GDP in real terms (EIU country report, 2000). By the early 1990s, most of Oman's development efforts were maturing and realizing benefits. With the majority of the infrastructure in place, the government started to increase its efforts on transforming the economy from government-controlled and centralized to a private sector economy (Peterson, 2004).

At the same time, Oman started to acknowledge the need to diversify its economy away from oil dependence. This was partly influenced by an early realization of the

country's limited oil resources and the difficulty involved in extraction (EIU country report, 2000). As a result, the government supported the development of a non-oil exports sector, situated in an industrial estate on the outskirts of Muscat. The government also heavily invested in the development of natural gas, which was discovered in the late 1980s and early 1990s. As such, liquefied natural gas (LNG) terminals were erected to aid in export. In the late 1990s, the government also started to place increasing efforts to develop the tourism industry, which was identified as income-earning (Peterson, 2004).

According to the EIU country report (2006), oil outputs in Oman have been in sharp decline since 2001, with crude oil accounting for only 25 percent of GDP in real terms. Moreover, projections indicate that, with current extraction rates remaining the same, Oman's oil reserves will be exhausted in less than 20 years. This uncomfortable reality, poses a serious threat to the Omani government, since oil revenues constitute around 70% of total government income (EIU country report, 2006). Table 2.3 provides a breakdown of government revenues and expenditures for the year 2005. As illustrated, income from oil contributed around 10.2 billion US dollars to government income, or around 72 percent (EUI country report, 2006). In terms of the government's expenditures, the bulk of it goes to the military, which absorbed 26 percent of the government's budget for the year 2006, and wages and salaries (EIU country report, 2006).

Table 2.3 Government Finances, 2005
(mill USD)

Revenue (incl others)	14310.00
Net Oil	10202.50
Natural gas	272.950
Expenditures (incl others)	10478.10
Current expenditures	7722.10
Investment expenditure	2332.00
Participation and support to private sector	426.65
Balance	3831.90

Source: Ministry of National Economy, Economist Intelligence Unit (2006)

With declining oil outputs, the Omani government's efforts to diversify the economy are underway in earnest. Specifically, the government has identified tourism, industry, and fisheries as sectors targeted for growth, with hopes of achieving an annual real growth rate of 7.5 percent in non-oil activities over the next five years (EIU country report, 2006). Table 2.4 provides some economic indicators on Oman and other GCC states for 2005. As illustrated, in terms of GDP per head, Oman is on par with Saudi Arabia. It had a low inflation rate and small external debt in comparison to other GCC countries. Kapiszewski (2000) classifies Oman along with Bahrain to the group of less rich monarchies.

Table 2.4 Economic Indicators for 2005

	Oman ^a	Yemen ^a	Saudi Arabia ^a	Bahrain ^a	UAE ^a
GDP (US\$ bn)	30.4	16.4	307.7	12.8	114.6
GDP per head (US\$)	12,167	784	12,509	17,499	24,565
GDP per head (US\$ at PPP)	14,936	1,196	12,581	21,164	19,913
Consumer price inflation (av; %)	1.4	11.8 ^b	0.4	2.7	6.0
Current-account balance (US\$ bn)	4.4	1.2	90.7	1.2	18.4
Current-account balance (% of GDP)	14.6	7.4	29.5	9.1	16.1
Exports of goods fob (US\$ bn)	18.3	6.2	172.4	9.7	111.0
Imports of goods fob (US\$ bn)	-8.4	-4.2	-44.3	-7.0	-72.9
External debt (US\$ bn)	4.4	5.3	36.8	6.8	34.5
Debt-service ratio, paid (%)	6.3	3.2	1.8	6.6	1.8

^a Economist Intelligence Unit estimates. ^b Actual.

Source: Economist Intelligence Unit. CountryData.

2.4.2 Job Localization

Similar to other GCC countries, Oman has a large expatriate workforce comprising around 25 percent of the total population (EIU country report, 2006). According to Al-Lamki (2005), during the “initial socio-economic development phase, the traditional pattern and practice of depending heavily upon foreign labor was acceptable and in fact [was] the only source of manpower due to the acute shortage of a qualified and experienced national workforce” (p. 179). However, with the rapid transformation of the economy from being “traditional” to “modern”, the number of nationals graduating from “secondary” and “technical colleges and universities” also increased (Al-Lamki, 2005).

Initially, graduating nationals readily found jobs in the public sector. However, over the years, and with a saturated public sector, the situation started to change unfavorably for Omani nationals who were increasingly finding themselves unemployed. The government of Oman, realizing that it could no longer act as the primary employer of

nationals, and responding to the problem of unemployment, initiated a nationalization program to encourage the employment of Omanis in the Private sector (EIU country report, 2006).

The policy, which is referred to as Omanization, became a legal requirement in 1994, making Oman the first country in the Gulf region to impose such a requirement (Kapiszewski, 2000). To aid in the implementation of Omanization, the government setup and empowered several public institutions such as the Ministry of Social Affairs, the Chamber of Commerce and Industry, the High Committee for Vocational Training, Labor and Vocational Training, and an Omanization Follow-up Committee to oversee the process of Omanization in the country (Al-Ghorfa, 1998). Moreover, several schemes were introduced as incentives for the private sector to employ more Omanis. One such incentive was the labor levy rebate scheme, which required firms with 20 employees or more to partake in the development and training of their Omani employees. The firms were, in turn, reimbursed for the incurred expenses in training their Omani employees. The repayment scheme is based on a percentage of cumulative compensation of expatriate employees with averages varying between 2 percent and 6 percent depending on the total number of employees in the firm (Al-Lamki, 2005).

The first sector that the government sought to localize or Omanize was the banking sector. Due to the prestige associated with the job and high salaries, this sector was attractive to Omanis. Omanization of this sector was therefore successful with Omanis constituting close to 85% of all bank employees by mid 1990s (Kapiszewski, 2000). With the banking sector successfully localized, the Ministry of Social Affairs and Labor introduced a sectored quota system for Omanization (see Table 2.5). Firms were

given till the end of 1996 to meet the Omanization percentage requirement that corresponded to their respective industry/sector. Moreover, the government decided to impose heavy fines and deny visas for importing labor on companies which did not comply with the Omanization program (Al- Lamki 2005; Kapiszewski, 2000).

Table 2.5 Government Omanization Targets for 1996

Sector	Omanization ratio
Banking	"90%"
Finance, Insurance, and real estate	"45%"
Industry	"35%"
Hotels and restaurants	"30%"
Wholesale and retail trade	"20%"
Contracting	"15%"
Transport and Communication	"60%"

Source :Ministry of Social Affairs and Labor, 1994

The government's decision was later repealed, however, because most companies had failed to fulfill their legal obligations. The companies claimed that there was a lack of sufficient numbers of properly trained Omanis to replace expatriate workers (Kapiszewski, 2000). As a result, the government decided to postpone the implementation of the program till 2002 (Al-Lamki, 2005).

One of the major problems that impeded early job localization efforts by the private sector was the differential in salary scales between expatriate and local labor. A lot of expatriates from Asia were willing to work for 160\$ a month, whereas the minimum wage requirement for an Omani secondary school graduate was 550\$ (Kapiszewski, 2000). Naturally, the private sector preferred to employ the former. It should be noted that the disparity in wages persists to date.

The government tried to promote Omanization again in the late 1990s through offering firms with a large number of Omani employees “green cards” that gave them priority in expediting all labor-related transactions. Furthermore, the government forced gas stations to localize 50 percent of their workforce, and required all schools to have Omani bus drivers. Other occupations were also restricted to Omanis only, such as barbers, tractor drivers, tailors, and gas cylinder distributors. Finally, the government forced all private companies with 50 or more Omani employees to have an Omani Director of Human Resources by the end of 1999 (Kapiszewski, 2000).

In 2001, the minister of commerce and industry, Maqbul bin Ali bin Sultan, described the “question of job provision as a major problem for the state, an unusually frank admission for an Omani government official” (EIU country report, 2002, p 24). As a result, the Sultan announced the creation of the Ministry of Manpower to oversee the employment of Omanis and monitor the Omanisation process (EIU country report, 2002). Moreover, the new ministry was charged with providing funds for young Omani entrepreneurs wishing to establish new firms in the country. The government also wanted to expedite the implementation of its Omanization policy to alleviate the pressing problem of unemployment. In fact, by the end of 2001, Omani employees had only constituted around 11 percent of total private sector employees (EIU country report, 2002).

Despite all these efforts, to date, Omanization has only had some modest success. In fact, by 2004, the rate of Omanization in the private sector had only risen to 18 percent and to 23 percent by early 2006, a frustratingly low figure (EIU country report, 2006). Table 2.6 illustrates the numbers of Omani employees in both public and private sectors

in 2004. As indicated, there were a total of 104,223 Omani employees in the public sector and only 87,064 employees in the private sector, representing close to 81 percent and 18 percent of the workforce respectively. Table 2.7 shows actual Omanization ratios per sector for 2006. As shown, the banking sector is almost fully localized with a 90% Omanization ratio. This is followed by the telecommunications and Oil and Gas sectors, with 68% and 59% Omanization ratios respectively.

Table 2.6 Workforce Composition, 2004

Omanis in the public sector	104,223
Expatriates in the public sector	22,898
Omanis in the private sector	87,064
Expatriates in the private sector	424,319

Source: Ministry of National Economy.

Table 2.7 Actual Omanization Ratios by Sector for 2006

Sector	Actual Omanization ratios
Banking	90.00%
Finance, Insurance, and Consulting	15.50%
Energy and Water	54.70%
Industry	36.60%
Hospitality and Tourism	53.50%
Wholesale and Retail trade	42.20%
Aviation and Transport	57.90%
Oil and Gas	59.00%
Information Technology	32.80%
Contracting	21.90%
Education (private)	25.90%
Telecommunications	68.60%

Source: Ministry of Manpower, 2006

Perhaps one of the most important problems facing localization is the attitude of young Omanis towards employment. According to Kapiszewski (2000), young Omanis “still prefer to work in ministries or to begin their careers in high managerial posts” (p. 24). The propensity of Omanis to opt for public sector jobs is attributable to generous

holidays and annual leave, convenient working hours, lifelong employment, and generous retirement schemes that are offered by this sector “(Al-Lamki, 1998; Al-Maskery, 1992; Eickleman, 1991; Ernest and young, 1990; Sajwani, 2001; Shaeffer, 1989).”

Moreover, lack of synchronization and planning between training, education and development programs and labor market requirements has also hampered the localization process, since nationals lack the necessary competency required by the private sector (Al Amoudi, 1999; Al-Lamki, 2000; Rowe, 1992; Sajwani, 2001). In fact, according to the EIU country report (2005) “some 48,374 Omanis working in the private sector left their jobs” between 2001 and 2004, and “about 62% of that total was sacked, with the remainder quitting their positions” (p. 16). This alarmingly high rate, forced the Public Authority for Social Insurance to conduct a survey in 2003. Results indicate that the most common reason cited among respondents for leaving their jobs were low wage levels, with some pointing to the difficulties of “reconciling family obligations with the longer work hours required in the private sector” (EIU country report, 2005, p. 16).

On a similar note, the ministry of manpower’s published figures, also point to a high turnover rate in private sector jobs. According to these figures, 44.2 percent and 43.4 percent of Omani employees working in the private sector quit their jobs or were fired in 2005 respectively (Ministry of Manpower, 2005). Moreover, 44 percent of them were hired in 2005- the same year. This has implications on businesses which invest time and money in training Omanis. Businesses might, as a result of this, question the level of commitment of Omani employees, and might further slow down the ongoing Omanisation efforts. Furthermore, the private sector is worried “about the work ethics of Omanis compared with expatriate staff, as well as the absenteeism of local workers, who

are harder to dismiss because of the protection they enjoy under local employment laws” (EIU country report, 2006, p. 24).

The problem of unemployment among Omanis is likely to become more pronounced in the years to come, as Oman’s relatively youthful population ages, and oil revenues dwindle. In terms of demographics, 55 percent of Omani citizens are under the 20 years old age bracket, and 83% percent are under the age of 35. This presents the government of Oman with an urgent challenge of creating employment for its young citizens.

Chapter 3

Organizational Commitment and Work Outcomes

This chapter reviews the literature on organizational commitment and its effects on work outcomes which include absenteeism, performance, and turnover. Section 3.1 defines organizational commitment. Section 3.2 overviews the development of organizational commitment and section 3.3 examines the implications on work outcomes, including turnover, absenteeism, and job performance.

3.1 Organizational Commitment

Research in the field of organizational commitment began in the early 1960s. The first definitions of organizational commitment were based on unidimensional constructs. For example, Becker (1960) considered commitment to be a “consistent line of activity” that arises as a result of recognizing the costs associated with quitting. Mowday *et al.* (1979) on the other hand, regarded commitment as an emotional attachment to the organization. Over the years, “researchers from various disciplines ascribed their own meanings to the topic, thereby increasing the difficulty involved in understanding the construct” (Mowday *et al.*, 1982). This lack of consensus in the definition of organizational commitment led many scholars to develop a multidimensional view of the construct (Meyer and Allen, 1991).

In an attempt to bridge the gap between the different definitions and measurements of organizational commitment, Meyer and Allen (1991, 1997; Meyer & Herscovitch, 2001) compiled a list of definitions and looked for points of agreement.

They noted that the “core essence” of commitment is considered to be a stabilizing or obliging force that gives direction to behavior. Accordingly, Meyer and Herscovitch (2001) defined commitment as “a force that binds an individual to a course of action that is of relevance to a particular target” (p.301). In other words, an employee with strong organizational commitment will try his or her hardest to achieve organizational goals (course of action) in a bid to remain employed within the organization (target). It should be noted that commitment is different from motivation or other general attitudes. Brown (1996) as well as Brickman (1987) and Scholl (1981) have all alluded to the fact that commitment influences behavior independently of motives or other attitudes.

Section 3.1.1 delineates two multidimensional models of organizational commitment that have gained substantial popularity and have generated the most research: Meyer and Allen’s (1984; 1991; 1997) and Allen and Meyer’s (1990) three component model of commitment (hereby MA) and O’Reilly and Chatman’s model of commitment (hereby ORC) (Caldwell et al., 1990; O’Reilly & Chatman, 1986; O’Reilly et al. 1991). MA’s model has undergone the most extensive examination and empirical scrutiny, and is adopted in this study.

3.1.1 Multidimensionality of Organizational Commitment

Commitment theory has undergone many developments in the past two decades. Perhaps the most important of these developments is the recognition that commitment can assume various forms (e.g. T.E. Becker & Billings, 1993; Jaros, Jermier, Koehler, & Sincich, 1993; Meyer & Allen, 1991; O’Reilly & Chatman, 1986) and can be directed towards different targets or foci (e.g. T.E. Becker et. al, 1996; Cohen, 2003; Reichers,

1985). These developments have only strengthened the multifaceted or multidimensional conceptualization of commitment. A discussion of the two most popular models of commitment follows.

3.1.1.1 O'Reilly and Chatman's model of Commitment

O'Reilly and Chatman's (1986) multidimensional construct was developed on the premise that commitment is an attitude towards an organization, and that it can develop through various mechanisms. They argued that, similar MA, commitment represents the "psychological bond" that ties an employee to an organization. However, they noted that the nature of that bond could differ, and that commitment can take three distinct forms: compliance, identification, and internalization.

Compliance occurs when attitudes and corresponding behaviors are adopted to gain specific rewards and not because of shared beliefs. Identification, in contrast, is a form of commitment takes place when an individual accepts influence in order to create or sustain a satisfying relationship. Lastly, internalization occurs when "influence is accepted because the induced attitudes and behavior are congruent with one's own values; that is, the values of the individual and the group or organization are the same."

Although ORC's model highlighted the multidimensional nature of commitment, subsequent researchers encountered some difficulty in distinguishing between identification and internalization (e.g., Caldwell et al., 1990; O'Reilly et. al, 1991; Vanderberg, Self, & Seo, 1994). This difficulty weakened the impact of the model, and lead O' Reilly and his colleagues, in more recent research, to further develop the model by combining the latter forms of commitment to form what they termed as normative

commitment (Meyer and Herscovitch, 2001). It should be noted that O'Reilly and his colleagues' normative commitment most closely resembles affective commitment in MA's model.

3.1.1.2 Meyer and Allen's Three Component Model of Commitment

MA's model of commitment is based on the identification of both similarities and differences in existing unidimensional conceptualizations of organizational commitment (Allen & Meyer, 1990; Meyer & Allen, 1984, 1991). The common denomination is the "view that commitment is a psychological state that (a) characterizes the employees' relationship with the organization, and (b) has implications for the decision to continue membership in the organization" (MA, 1991). The main differences stem from three mind-sets or psychological states presumed to characterize the commitment: affective attachment to the organization, perceived cost of leaving, and obligation to remain (Meyer & Herscovitch, 2001). MA classifies these mind-sets under affective commitment, continuance commitment, and normative commitment.

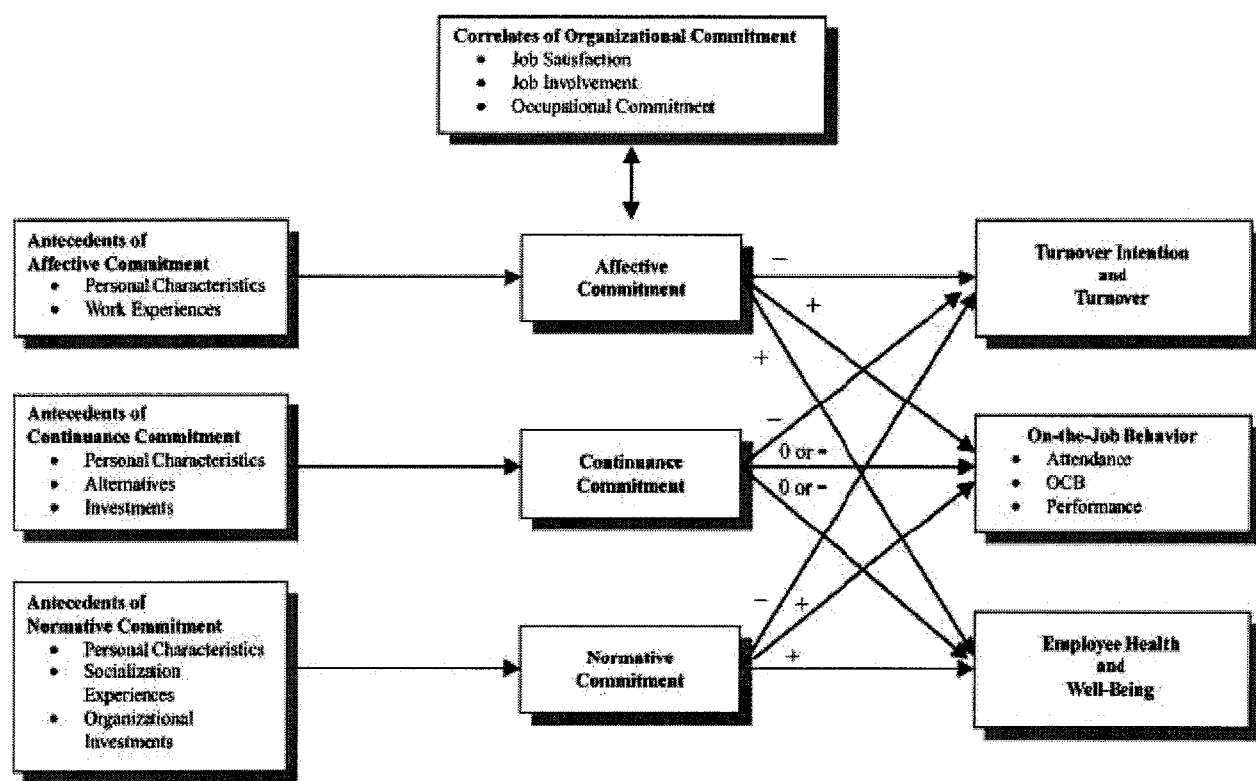
Affective commitment refers to "the employee's emotional attachment to, identification with, and involvement in the organization". Employees with strong affective commitment remain in the organization because "they want to do so". Continuance commitment, on the other hand, stems from an awareness of the costs associated with leaving the organization. Employees with high continuance commitment remain in the organization because they need to do so. Finally, the normative component reflects a feeling of moral obligation to continue employment within an organization.

Employees who score high on normative commitment feel that they “ought to remain with the organization” (MA, 1997).

According to MA (1990, 1991), affective, continuance, and normative commitment are considered to be distinguishable components of commitment rather than types of commitment. This is due to the fact that employees can experience varying degrees in all three components of commitment. For example, one employee might score high on both affective and continuance commitment but low on normative, while another employee might score low on all but affective commitment. Different combinations of these components create distinct “profiles” of commitment and have different implications for work outcomes (Meyer and Herscovitch, 2001).

Since, MA’s three component model and the measures associated with it is the only one to have undergone the most extensive empirical scrutiny and evaluation to date, it will be adopted in this research. The following sections examine how each of MA’s components of commitment develop and their implications on work outcomes. Figure 3.1 presents a summary of MA’s three component model of commitment, including antecedents, correlates, and consequences of organizational commitment. It closely illustrates the structure of the following sections. The antecedents or variables associated with the development of each component are first assessed, followed by an examination of how each component affects work outcomes such as turnover, absenteeism, and job performance.

Figure 3.1 *Organizational Commitment: Antecedents, Correlates and Consequences*



Source: Meyer et al., 2002

3.2 The Development of Organizational Commitment

This section summarizes past studies that have examined how affective, continuance, and normative commitment develop with the organization.

3.2.1 Development of Affective Commitment

Affective commitment is the emotional attachment an employee develops towards his/her organization. Many studies have examined the correlations between affective commitment and variables believed to be its antecedent. Two aspects, in particular, have been examined: work experiences and personal characteristics.

First, work experiences are found to have the strongest and most consistent correlations with affective commitment. These cover four areas, including job scope, employee role, leader-subordinate relationship, and organizational justice.

Job Scope is used to describe several job characteristics that have been linked to employee satisfaction and motivation (Hackman & Oldham, 1980). Strong correlations between these characteristics and affective commitment are reported in many studies. In particular, studies have established positive correlations between affective commitment and job challenge, degree of autonomy, and variety of skills the employee uses (e.g. Colarelli, Dean, and Konstans, 1987; Dunham, Grube, and Castaneda, 1994; Steers, 1977). Other researchers such as Hackett et al. (1994) and Meyer et al (1991) have also highlighted the importance of job scope in predicting affective commitment.

Employee role, on the other hand, refers to the characteristics of the employee's role in the organization. Studies have shown that employees who are unsure of what is expected of them (role ambiguity) or those whose roles conflict with their own values (role conflict) usually have low affective commitment (Mathieu and Zajac, 1990).

Research into leader-subordinate relationships show that employees whose leaders give them greater autonomy in decision making (e.g. Jermier & Berkes, 1979; Rhodes & Steers, 1981) and who treat them with fairness (e.g. Allen & Meyer, 1990) and consideration (e.g. Bycio et al., 1995; DeCotiis & Summers, 1987) develop stronger affective commitment.

Lastly, organizational justice refers to perceptions of policy fairness (procedural justice). Many studies, for example, have assessed procedural justice with respect to

specific policy issues such as pay (Schaubroeck, May, & Brown, 1994), drug testing (Konovsky & Cropanzano, 1991) and strategic decision making (Kim & Mauborgne, 1993). The results of these studies show significant positive correlations between procedural justice and affective commitment, thus lending empirical support to the linkages between those two components. Moreover, several other studies (e.g. Folger & Konovsky, 1989, Sweeney & McFarlin, 1993) have supported Lind and Tyler's (1988) hypothesis that employees' perceptions of procedural justice are more important in shaping affective reaction to institutions than their own satisfaction with personal outcomes- i.e. affective commitment is strongly influenced by how fairly decisions are made. Further discussion on this topic is offered in the organizational justice section.

The second aspect of affective commitment relates to personal characteristics including demographic variables and dispositional variables.

Demographic variables include age, tenure, education, and gender. Evidence from meta-analytic studies suggests that affective commitment and age are significantly, but weakly, related (Mathieu & Zajac, 1990). However, there still exists no unequivocal evidence to support the premise that growing older influences affective commitment.

On other hand, Cohen (1993a) and Mathieu & Zajac's (1990) meta-analytic studies found positive relations between affective commitment and organizational tenure. Meyer and Allen (1997) proposed two explanations for the existence of this relationship. First, employees might require a certain amount of experience before developing strong affective commitment to the organization. Alternatively, it might be that over time

employees who are not strongly attached to the organization choose to leave, thus leaving behind only those who are highly committed.

No consistent relationship has been established between marital status and education level and affective commitment. This suggests that these variables may be moderated by other organizational or personal variables (Meyer and Allen, 1997).

Dispositional variables include the notion of personal fulfillment. This is a process through which affective commitment develops. The premise is based on the view that employees will develop "affective commitment to an organization to the extent that it satisfies their needs, meets their expectations, and allows them to achieve their goals" (Meyer and Allen, 1997, P. 50). In other words, psychologically rewarding work experiences develop affective commitment.

3.2.2 Development of Continuance Commitment

The development of continuance commitment occurs when a course of action or event raises the costs of leaving the organization and when the employee acknowledges that these costs have been incurred (Meyer and Allen, 1997). Two sets of variables are particularly important in developing continuance commitment: identification of (a) investments and (b) alternatives.

The notion of investments is based, in part, on side bet theory. Becker (1960) championed the idea of side bets when he argued that a person's commitment to a course of action stems from the accrual of side bets that that person has made. A side bet, in this context, involves a valuable investment (e.g. time, effort, money) that an employee makes that would otherwise be lost in case the employee leaves the organization. For

example, an employee who invests time acquiring organization specific skills would stand to lose if he or she leaves the organization.

The second variable in the development of continuance commitment is the notion of alternatives. As the name implies, alternatives, refer to employees perceptions of employment alternatives (Meyer and Allen, 1997). Deductively, a negative relationship should exist between the perceived availability of alternatives and continuance commitment. In other words, employees who believe that they have a number of viable alternatives will have lower continuance commitment than those who believe otherwise. The perception of availability of alternatives can be based on several sources such as the external environment, marketability of ones skills, and results of previous job search attempts (Meyer and Allen, 1997).

Investments and Alternatives alone do not impact continuance commitment. Awareness of these variables and their implications is required by the employee to have an influence. In other words, the process of developing continuance commitment rests on the recognition of investments and alternatives. For example, an employee who recognizes that particular investments or lack of alternatives has made leaving the organization more costly develops stronger continuance commitment as a result (Meyer and Allen, 1997).

Several studies have, in fact, corroborated these theoretical paradigms. For example, Allen & Meyer (1990a), Lee (1992) and Withey (1988) found continuance commitment to be related to employees' perceptions about the transferability of their skills to other organizations. Specifically, employees who believed that their skills were

not easily transferable elsewhere exhibited stronger continuance commitment to their current organization. Similarly, Whitener and Walz (1993) found that employees who believed that their investments (e.g. retirement money, status, job security) in the organization would be forfeited by leaving scored higher on continuance commitment than those who didn't.

3.2.3 Development of Normative Commitment

Normative commitment is the feeling of moral obligation to remain in the organization that employees' develop. Several theories have been proposed over the years to explain how normative commitment develops. One such theory, developed by Wiener (1982), contends that normative commitment develops as a result of the accumulation of pressures that individuals feel during their socialization as new comers to the organization and early socialization (family and culture). The hypothesized process is one of internalization, and occurs through conditioning (rewards and punishments) and modeling (observation and imitation of others), whereby individuals learn what is expected of them by family, culture, or the organization (Meyer and Allen, 1997).

Another theory suggests that normative commitment develops on the basis of the "psychological contract" between an employee and the organization (Argyris, 1960; Rousseau, 1989, 1995; Schein, 1980). These types of contracts differ from their formal counterparts in the fact that they are subjective, consisting of the beliefs of the parties involved and their reciprocal obligations. Consequently, these contracts might be viewed differently by the two parties and might change over time as one or both parties

reevaluate their fulfillment or violation of the perceived obligations (Robinson, Kraatz, & Rousseau, 1994).

To date, however, the development of normative commitment has received less attention among scholars than have the other two components (Meyer et al., 2002). More research is thus warranted to fully understand its antecedents.

3.3 Organizational Commitment and Work Outcomes

Perhaps one of the most important aspects of organizational commitment is its implications on work outcomes. Accordingly, many studies were conducted to explore the relationship between the different components of organizational commitment and subsequent work outcomes such as work withdrawal, absenteeism, job performance, turnover, and organizational citizenship behavior (willingness to go over the call of duty) (Meyer and Allen, 1997).

This section reviews both early and recent studies on the implications of organizational commitment on work outcomes. Early research in the 1990s focused on each component of organizational commitment separately. For example, several studies examined, exclusively, the relationship between affective commitment and work outcomes, whereas other studies focused on the relationship between either continuance or normative commitment and work outcomes. This trend, however, subsided shortly after Meyer and Hercovitch (2001) suggested that there was a need to test for interaction effects involving two or more components of commitment (what they termed “commitment profiles”) to better understand how they related to work outcomes. Their

suggestions gave way to more recent research that has examined how “commitment profiles” affect work outcomes.

3.3.1 Early Studies: Affective, Continuance, Normative Commitment and Work Outcomes

When MA introduced their model in 1991, they also included many hypotheses regarding the relationship between the three components and work outcomes. For example, they argued that employees with strong affective commitment would exhibit stronger attachment to the organization, and as such, would have greater motivation to contribute their utmost to the organization than those who didn't. Thus, MA proposed that affective commitment would correlate positively to job performance, attendance, organizational citizenship behavior, and negatively with intentions to quit and turnover (Meyer and Allen, 1997).

On the other hand, MA contended that the continuance commitment component would either be unrelated or negatively related to other performance indicators- except in the case where job performance was linked to job retention. This argument was based on the premise that employees who exhibited strong continuance commitment felt like they were “stuck” in the organization due to lack of alternatives or high costs of leaving (Meyer and Allen, 1991).

Finally, MA reasoned that employees who scored high on the normative component felt morally obliged to remain in the organization. As such, they argued, those employees would be motivated to behave appropriately and do what's right for the organization. Moreover, they proposed that normative commitment would correlate

positively to job performance, organizational citizenship, and negatively to absenteeism and turnover.

Many studies have in fact explored these hypotheses. Their findings are summarized below under the appropriate work outcome category.

3.3.1.1 Organizational Commitment and Job Performance

Several studies have concluded that, in general, employees with high affective commitment to the organization work harder and perform better at their jobs than those with weak commitment. For example, affective commitment was found to positively correlate with various self-reported measures of work effort (e.g. Bycio, Hackett, and Allen, 1995; Ingram, Lee, and Skinner, 1989; Leong, Randall, and Cote, 1994; Randal, Fedor, and Longenecker, 1990), whereas other studies found positive correlations between strong affective commitment and independent measures of performance such as sales figures (e.g. Bashaw and Grant, 1994) and the control of operational costs (Decotiis and Summer, 1987). In a more recent meta-analytic test, Ricketta (2002) found significant, albeit weak, correlations between affective commitment and performance, lending support to the premise that employees who feel attached to and identify with their organization work harder.

On the other hand, studies examining the continuance commitment- performance relationship found non-significant correlations with various performance measures (Angle and Lawson, 1994; Bycio et al., 1995; Moorman et al., 1993), while others found negative correlations between continuance commitment and supervisor ratings of potential promotions (Meyer et al., 1989) and overall job performance (Konovsky and

Cropanzano, 1991; Meyer et al., 1989). Few studies have examined normative commitment and job performance, and as such it is difficult to conclude about the nature of the relationship with certainty.

3.3.1.2 Organizational Commitment and Withdrawal Behavior: Absenteeism and Turnover

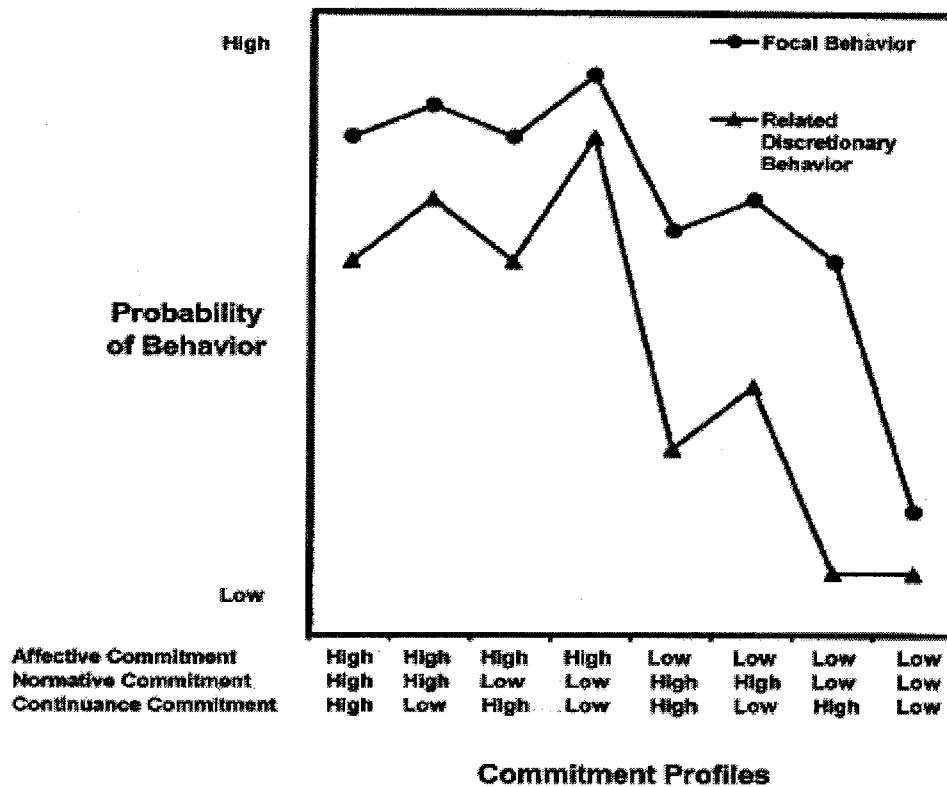
During the course of the development of the three component model, Meyer and Allen (1991) suggested that affective, normative, and continuance commitment would be expected to correlate negatively to turnover intentions or voluntary turnover behavior. Indeed, subsequent research studies confirmed this hypothesis (Mathieu & Zajac, 1990; Tett and Meyer, 1993; Allen and Meyer, 1996; Meyer et al., 2002). Moreover, these studies revealed that all three commitment components correlate negatively to turnover or turnover intentions, with affective commitment exhibiting the strongest correlation, followed by normative commitment and then continuance commitment.

Other studies examined the relationship between absenteeism or its inverse, attendance, and organizational commitment. In most cases, they differentiated between voluntary and involuntary absences. As expected, most of these studies showed significantly higher negative correlations between affective commitment and voluntary absenteeism (e.g. Meyer et al., 1993; Hackett, Bycio and Hausdorf, 1994; Gellatly, 1995; Somers, 1995). Conversely, continuance commitment was not found to be significantly related to absenteeism.

3.3.2 Recent Research: Commitment Profiles and Work Outcomes

Most of the studies conducted up until the year 2000 had failed to take into consideration the fact that employees endorsed variable levels of affective, continuance, and normative commitment in tandem. This fact compelled Meyer and Hercovitch (2001) to underline the need to test for interaction effects of the three commitment components to better understand how they relate to work outcomes. In view of that, and drawing on the theoretical possibility that each employee can be strong or weak on each of the three components, Meyer and Herscovitch (2001) proposed that there were eight possible (2^3) “commitment profiles”. Moreover, they also predicted how each distinct profile would behave in relation to desirable or positive work outcomes. These predictions are illustrated in figure 3.2.

Figure 3.2 Relationship between Commitment Profiles and Positive Work outcomes



Source: Meyer and Herscovitch, 2001.

In their predictions, Meyer and Herscovitch (2001) distinguished between two types of behaviors, which they termed focal and discretionary behavior. Focal behavior, they argued, is the behavior “to which an individual is bound to by his or her commitment”. Stated otherwise, focal behavior is the kind of behavior that is expected of an employee that is characterized by a specific commitment mind-set. For example, employees who are high on continuance commitment will be more sensitive to the conditions that define what is expected or required of them (Meyer and Herscovitch, 2001). Hence, they will not contribute more than what is required of them. This “extra” contribution, in a sense, is what Meyer and Herscovitch considered discretionary behavior. It refers to any behavior that is not directly and clearly stipulated within the

terms of the commitment, but that can be included at the discretion of the individual. For example, employees with high affective commitment view their jobs as encompassing a wider range of behaviors- behaviors that are usually considered “extra-role”- than those who are not (Meyer and Herscovitch, 2001).

In reference to Figure 2, Meyer and Herscovitch (2001) predicted that those with a “pure” affective commitment profile (High- AC, Low- NC, Low-CC) would have the highest likelihood of exhibiting desirable work outcomes. This is followed by a “pure” normative commitment profile (Low- AC, High- NC, Low-CC) and then a “pure” continuance commitment profile (Low- AC, Low- NC, High-CC). As for other commitment profiles, they argued that profiles with high affective commitment, irrespective of the associated levels of normative or continuance commitment, would still exhibit stronger positive work outcomes than those with “pure” normative or continuance commitment. As for profiles with low affective commitment, they argued that a “pure” normative commitment would still have a stronger likelihood of enacting positive work outcomes, than those with high normative and high continuance or pure continuance commitment. Lastly, they proposed that those with low levels of all three components of commitment, what they termed uncommitted, would have the lowest likelihood of positive work behavior (Meyer and Herscovitch, 2001).

Although the number of studies conducted to test Meyer and Herscovitch’s (2001) hypotheses is limited, their results have corroborated some of the aforementioned propositions. For example, Wasti (2005) found affective commitment to be the primary predictor of positive work outcomes, particularly when combined with low levels of continuance commitment. His findings are in line with Meyer and Herscovitch’s

suggestions. Conversely, Gellatly *et al.* (2006) results were not completely consistent with Meyer and Herscovitch's propositions, particularly when it came to the predictive function of normative commitment. However, since the number of studies conducted to date have been miniscule, further research is still required to validate, test, and fully explore these hypotheses and relationships.

3.4 Summary

This chapter defined organizational commitment as "a force that binds an individual to a course of action that is of relevance to a particular target." It also demonstrated the multidimensionality of the construct and adopted MA's three component model of commitment. Affective commitment was defined as the emotional attachment that an employee develops towards his/her organization, while continuance commitment was defined as the awareness of the costs associated with leaving the organization. Normative commitment, on the other hand, was defined as the employee's sense of moral obligation to remain employed within the organization.

The chapter then overviewed the antecedents of each of the three components, and illustrated the important relationships between each component and three work outcomes: turnover, absenteeism, and job performance. However, other variables such as job satisfaction and perceptions of organizational justice also influence both organizational commitment and the three work outcomes. As such, the following chapter will define these two constructs and discuss their relationships with organizational commitment and work outcomes.

Chapter 4

Job Satisfaction, Organizational Justice and Work Outcomes

This chapter reviews the literature on job satisfaction, and perceptions of organizational justice and their subsequent effects on organizational commitment and work outcomes, which include absenteeism, performance, and turnover. Section 4.1 identifies job satisfaction and overviews its antecedents and consequences. Section 4.2 introduces the concept of organizational justice and summarizes its consequences on work outcomes. Lastly, section 4.3 relates together all three concepts of organizational commitment, job satisfaction, and organization justice.

4.1 Job Satisfaction

Cranny, Smith, and Stone (1992) define job satisfaction as “an affective (that is, emotional) reaction to one’s job, resulting from the incumbent’s comparison of actual outcomes with those that are desired (expected, deserved, and so on.)” (p. 1). Their definition closely resembled that of Locke (1969), who in his influential paper titled “What is job satisfaction”, defined satisfaction as a “pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating one’s job values”(p. 317). Others, define job satisfaction as a cognitive attitude that one holds towards one’s job (e.g. Kalleberg, 1977; Miner, 1997; Mercer, 1997; Wright and Cropanzano, 1997; Brief, 1998; Wong *et al.*, 1998).

The preceding definitions illustrate two underlying perspectives of the construct; an “affective” as well as an “attitudinal” one. While it has long been the contention that

both perspectives of job satisfaction combine to provide a better understanding of the construct, the attitudinal perspective is the predominant one in the study of job satisfaction (Spector, 1997). As such, job satisfaction is considered "a constellation of attitudes about various aspects or facets of the job" (Spector, 1997, p.2). It is therefore not surprising that a facet approach is usually used to assess job satisfaction as it provides a more comprehensive portrait of an employee's satisfaction. A facet can include any aspect or part of a job, and can fall under four broad categories: rewards, other people, nature of the work, and organizational context (Spector, 1997).

The remainder of this section introduces four facet scales that were developed over the years to measure job satisfaction, the antecedents of job satisfaction, and the implications of job satisfaction on work outcomes.

4.1.1 The Four Facet Scales for Measuring Job Satisfaction

Over the past years, four facet scales were developed to measure job satisfaction: The Job Satisfaction Survey (JSS), Job Description Index (JDI), Minnesota Satisfaction Questionnaire (MSQ), and Job Diagnostic Survey (JDS).

Job Satisfaction Survey (JSS). Developed by Spector (1985), this survey assesses nine facets of job satisfaction: pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, coworkers, nature of work, and communication. Since each of the nine facets contains four items, the survey is composed of 36 items in total. Respondents to the survey indicate the degree of agreement or disagreement on a 7 point Likert-type scale. Total job satisfaction is then derived by combining the responses of all 36 items (Spector, 1997).

Job Descriptive Index (JDI). The JDI, developed by Smith, Kendall, and Hulin (1969), is perhaps one of the most popular methods used by organizational researchers (Spector, 1997). The scale owes its success to the fact that it is well developed and validated. It includes 72 items that together assess five job facets: work, pay, promotional opportunities, supervision, and coworkers. Each item contains a short description of the job and respondents answer with “yes”, “uncertain”, or “no” (Spector, 1997). While it is not uncommon for users of the scale to derive an overall score by summing up the five facet scores, Smith and her co-authors have advised against this practice (Ironson et al., 1989).

Minnesota Satisfaction Questionnaire (MSQ). The MSQ is another popular scale amongst scholars (Spector, 1997). There are two forms of the scale, a long 100-item version and a shorter 20-item form. Both forms assess 20 job facets that can be divided into extrinsic and intrinsic satisfaction subscales. Extrinsic satisfaction refers to aspects of the job that are not concerned with the job tasks or the work itself (e.g. pay), while intrinsic satisfaction includes aspects that are directly related to the nature of the job tasks and employees emotions regarding the work they do. Table 4.1 illustrates further the various facets covered by the MSQ. Respondents indicate the level of satisfaction or dissatisfaction with each item on the questionnaire. Whether the long or short form is used, the aggregate score of the items provides an adequate depiction of an employee's job satisfaction (Spector, 1997).

The Job Diagnostic Survey (JDI). This questionnaire gauges the effects of job characteristics on people. It entails five facets of job satisfaction including growth, pay, security, social, and supervision. Respondents indicate the level of their satisfaction or

dissatisfaction on a 7-point scale. The JDI measures the nature of the job or tasks, motivation, personality, psychological states (attitude and emotions regarding job tasks), and reactions to the job (Spector, 1997).

Table 4.1 Facets from the MSQ

Activity
Independence
Variety
Social Status
Supervision (human relations)
Supervision (technical)
Moral values
Security
Social services
Authority
Ability utilization
Company Policies and practices
Compensation
Advancement
Responsibility
Creativity
Working Conditions
Coworkers
Recognition
Achievement

Source: Weiss, Dawis, Lofquist and England (1966)

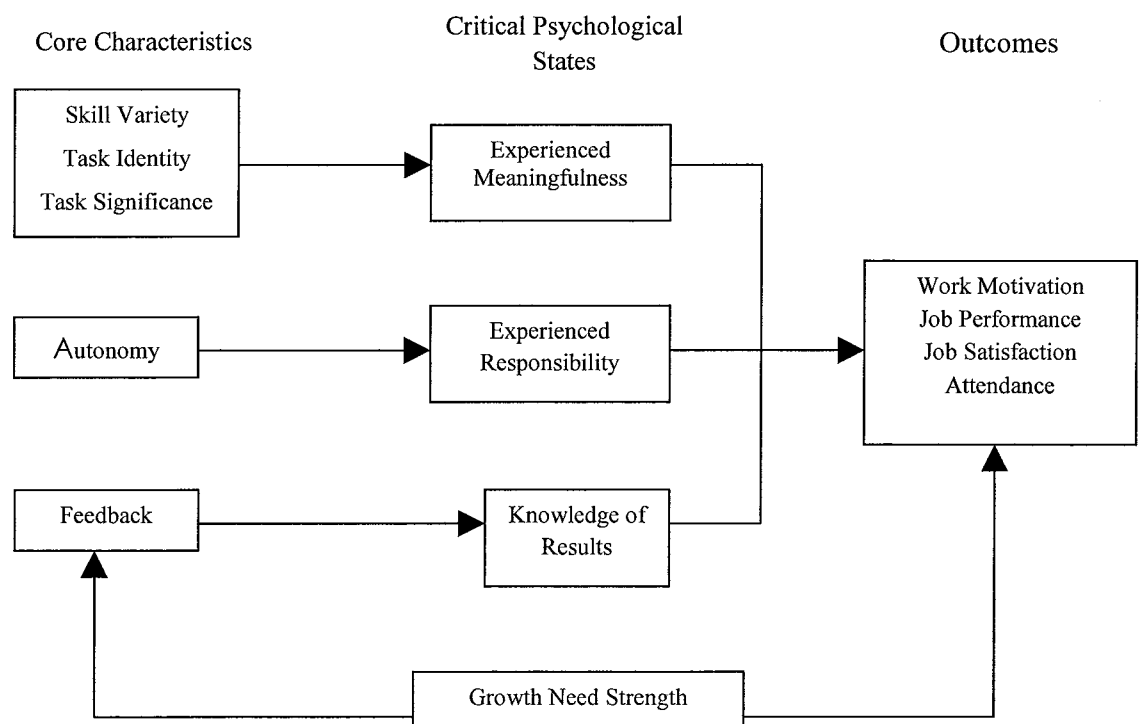
4.1.2 Antecedents of Job Satisfaction

Job satisfaction is influenced by a number of variables that can be classified into two broad categories: work situation or environment and personality or dispositional characteristics.

The work situation category encompasses the nature of the job itself, often referred to as “intrinsic job characteristics” (Saari and Judge, 2004), as well as other variables referred to as “extrinsic job characteristics”. Research studies have shown that of all the different job facets such as supervision, pay, promotion opportunities, and co-worker relationships, the nature of the job itself emerges as the most important or influential facet (Judge & Church, 2000; Jurgensen, 1978). In fact, satisfaction with this “intrinsic” component of job characteristics was found to be a good indicator of overall job satisfaction, as well as employee retention (e.g., Fried & Ferris, 1987; Parisi & Weiner, 1999; Weiner, 2000).

Hackman and Oldham’s (1976, 1980) job characteristics theory is perhaps the most influential one in this regard. The theory is based on the premise that employees can be motivated by the intrinsic satisfaction that they derive from doing their job tasks. Figure 4.1 illustrates this theory.

Figure 4.1 Hackman and Oldham’s (1976) Job Characteristics Model



As depicted by the figure above, five core job characteristics or dimensions are identified by Hackman and Oldham (herewith HO): skill variety, task identity, task significance, autonomy, and job feedback. HO (1976) defines skill variety as the number of different skills required to do a particular job, and task identity as the degree to which an employee fulfills his/her job tasks. Task significance, on the other hand, is defined as the extent to which a job impacts the lives or jobs of other people, while autonomy is the degree of freedom and independence an employee has to accomplish his or her job. Lastly, the level of response an employee receives regarding his or her job performance is identified as feedback (Spector, 1997).

HO suggested that these characteristics combine to create three psychological states, which in turn affect outcomes such as job satisfaction and motivation. Employees thus experience job satisfaction through finding their jobs meaningful, assuming responsibility, and receiving feedback on their performance. The effects of the core characteristics, however, are moderated (A moderator is a variable that influences the relationship between other variables) by a personality variable which HO called Growth Need Strength (GNS). The GNS variable constitutes an individual's need for fulfillment of higher order needs, such as self-actualization and personal growth. The theory argues that those individuals who are high on GNS will be more motivated and satisfied if the job characteristics fulfill their needs, as opposed to those who are not. Put simply, HO's model states that employees will likely score high on job satisfaction when they have the job characteristics that they prefer (Spector, 1997).

Other variables such as pay, job stress, and workload constitute the extrinsic components of job characteristics. Pay, for instances, was found to correlate weakly with

job satisfaction but more strongly with pay satisfaction, suggesting that pay itself is not a strong factor in job satisfaction. Conversely, pay fairness (part of distributive justice) was found to be of significant importance. Rice *et al.* (1990), for example, reported a moderately large positive correlation of 0.50 between pay level and job satisfaction in a sample of mental health professionals who had all held the same job. This suggests that employees within the same organization will be more satisfied with their jobs if they perceive pay levels to be fairly distributed amongst employees in the same position. Along the same lines, perceptions of fairness in pay policies (procedural justice) are even more important. This is because they have a much greater impact on job satisfaction than the actual levels of pay (Spector, 1997).

Job stress, on the other hand, is found to have damaging effects on the physical health and emotional well-being of employees, and ultimately job satisfaction (Cooper and Catwright, 1994). Job stress is caused by "conditions or events at work that requires an adaptive response by a person, such as being yelled at or having to complete a difficult assignment by a particular deadline" (Spector, 1997, P. 43). These conditions can, and often do, have long term effects on job satisfaction. As for workload, which is defined as the demands placed on employees by their job, studies have produced inconsistent results with job satisfaction, and as such no definitive conclusion can be drawn (Spector, 1997).

Dispositional or personal characteristics are suggested as possible components that may effect job satisfaction (Bowling *et al.*, 2006). The fact that job satisfaction is relatively stable across time is often cited by researchers in support of that proposition (e.g. Dormann and Zapf, 2001, Elfering *et al.*, 2000; Grehart, 1987; Schaubroeck *et al.*, 1996; Straw and Ross, 1985; Steel and Rentsch, 1997). In fact, some researchers have

even argued that the liking or disliking of a job might be determined by genetic predispositions (Arvey, Bouchard, Segal, and Abraham, 1989). In more recent research, Ilies and Judge (2003) proposed that a substantial portion of the variance in job satisfaction (29%) maybe due to genetic factors.

With mounting interest in the dispositional component, many studies explored correlations between personality traits and job satisfaction. However, only three personality traits have been given extensive attention: locus of control, negative affectivity (NA), and positive affectivity (PA).

Locus of control is a cognitive variable that refers to an “individual’s generalized belief in his or her ability to control positive and negative reinforcements in life” (Spector, 1997, P.51). An individual with an external locus of control believes that external forces are in control, while an individual with an internal locus of control believes that he or she is in control or is able to “influence reinforcements” (Spector, 1997). This personality trait correlates significantly with job satisfaction such that those with higher internal locus of control have higher job satisfaction scores (O’Brein, 1983; Spector, 1982).

Negative affectivity (NA), on the other hand, is the most researched personality trait in the dispositional approach to job satisfaction. It is defined as the “tendency to experience negative feelings across time and places” (Bowling *et al.*, 2006), and is often equated with neuroticism (Burke *et al.*, 1993; Waston and Clark, 1984). Positive affectivity (PA), conversely, is studied to a lesser extent and represents the antithesis of NA. Watson *et al.* (1986) suggested that employees who are high in NA would

experience their jobs in negative ways and would thus score low on job satisfaction. The complete opposite would be true for those employees who are high in PA. Later studies have in fact established an association between affectivity and Job satisfaction, and have supported the above mentioned propositions- that is; NA correlates negatively with Job satisfaction, while PA correlates positively (Brief *et al.*, 1988; Cropanzo *et al.*, 1993; Connolly & Viswesvaran, 2000; Thoresen *et al.*, 2003; Schaubroeck *et al.*, 1994).

However, the fact that there are two determinants of job satisfaction – work characteristics and personal characteristics- drove some researchers to adopt a person-job fit approach in an attempt to assess the effects of both components on job satisfaction concurrently. The person-job fit perspective assumes that job satisfaction will be high whenever the personal characteristics of the employee are matched with the job characteristics (Edwards, 1991). Accordingly, the smaller the discrepancy between the two characteristics the higher will be the job satisfaction.

4.1.3 Consequences of Job Satisfaction on Work Outcomes

The effects of job satisfaction on work outcomes is perhaps one of the most studied areas in work and organizational psychology due to its important implications on company productivity and competitiveness. While job satisfaction or dissatisfaction has also been linked to other non-work variables such as health and life satisfaction, this section will concentrate exclusively on the relationship between job satisfaction and three work outcomes: job performance, absenteeism, and turnover.

4.1.3.1 The Job Performance- Job satisfaction Relationship

The relationship between employee attitudes and performance has been studied in earnest since the 1930s (Judge *et al.*, 2001). The job performance- job satisfaction relationship, in particular, has and still receives much attention to this day. Perhaps for this reason, Landy (1989) described this relationship as the “Holy Grail” of industrial psychologists.

While various studies have established a significant relationship between job performance and job satisfaction, the magnitude of correlation is unexpectedly low (between $r = 0.054$ and $r = 0.196$) (Spector, 1997). This might be due, in part, to the fact that there are problems with the job performance measures themselves. For instance, most of the job performance measures used in studies to date have been based on supervisor ratings. However, since these ratings suffer from rating bias and restriction of range, they together reduce correlations with other variables. A recent Meta analysis conducted by Judge *et al.* (2001) on 301 studies seems to substantiate this argument. The study found the average correlation between job satisfaction and job performance to be higher ($r = 0.30$) when appropriately correcting for sampling and measuring errors.

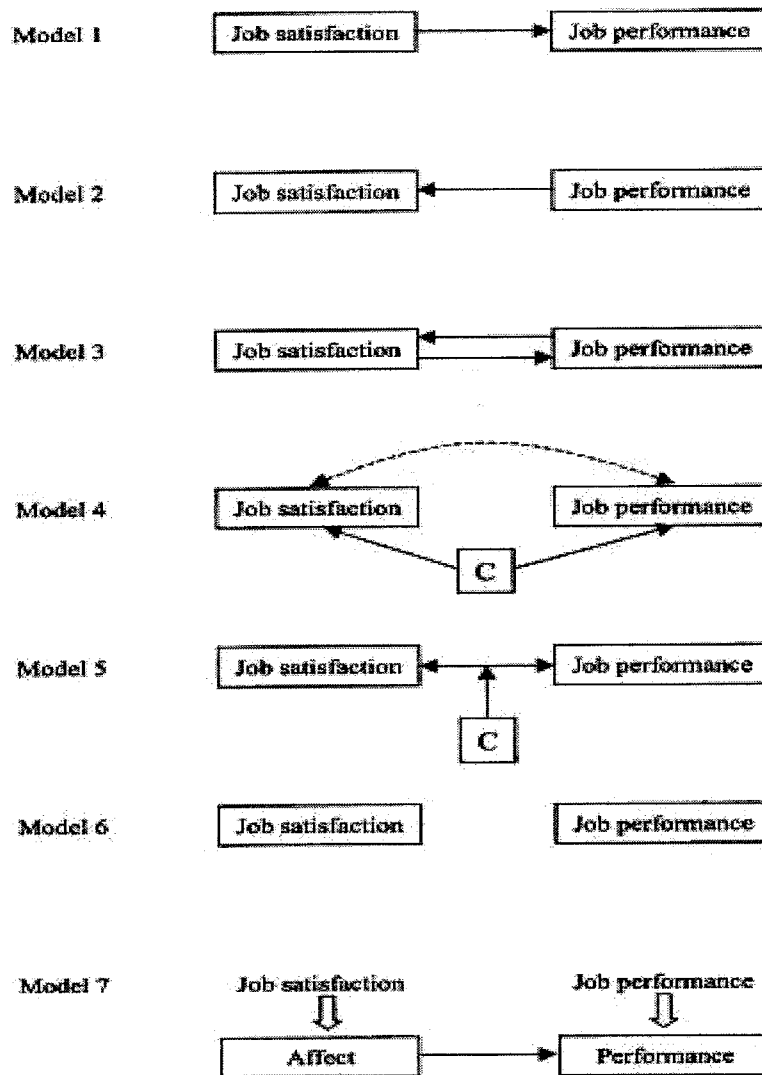
Causation has also been a contested issue. Seven models have been proposed to explain the job performance- job satisfaction relationship. Figure 4.2 depicts these various functional models.

The first model posits that job satisfaction causes job performance. The model is based on the premise that attitudes lead to behavior-that is “attitudes toward the job should be related to behaviors on the job, the most central of which is performance”

(Judge, 2001). The second model, conversely, argues that performance leads to job satisfaction. The hypothesis is partly rooted in expectancy-based theories which argue that performance leads to job satisfaction through the attainment of valued outcomes such as intrinsic and extrinsic rewards. The third model, on the other hand, assumes that there is a reciprocal relationship between satisfaction and job performance. This model, which is not based on any distinct theoretical foundation, is a hybrid of the previous two models.

While the previous three models assume either one-way or two way relationships between job satisfaction and performance, other models consider either the existence of a third variable in the relationship or no relationship what-so-ever. Models 4 and 5, for example, assume that a third variable may either have a spurious or moderating effect on the relationship. Conversely, model 6 assumes that there is no relationship between the preceding two components. In fact, according to Judge *et al.* (2001) most of the studies that include job satisfaction and job performance adopt this view. Thus, only a minority of studies have used one of the previous 5 models. As such, most of the preceding models have not been systematically or thoroughly tested, bringing the reliability of results into question.

Figure 4.2 Models of the relationship between job satisfaction and job performance.



(Note that in Models 4 and 5, C denotes a third variable.)

Source: Judge: *Psychol Bull*, Volume 127(3). May 2001. 376-407

The last model (7), on the other hand, gives credit to the “attitudes lead to performance” perspective, but argues that there is a need to reconceptualize or redefine the attitudes and or performance measures used in the models. However, results to date have not been consistent. Indeed, there exists little or no support for any of the 7 models

depicted in figure 4 (Judge, 2001). As such, the debate on causality is still not resolved and is open to discussion. Further research in the topic is thus merited.

4.1.3.2 Job Satisfaction and Withdrawal Behavior: Absenteeism and Turnover

Job satisfaction has long been hypothesized to substantially influence or cause absenteeism. The hypothesis is based on the assumption that employees who are dissatisfied with their jobs will attempt to avoid coming to work. Although appealing and intuitive, this proposition has yet to be empirically supported. In fact, correlations between absenteeism and job satisfaction have been inconsistent across studies (Spector, 1997).

Turnover, on the other hand, is considered to be directly caused by employees' job dissatisfaction (e.g. Bluedron, 1982; Mobley, Griffeth, Hand, and Meglino, 1979). This is because employees who dislike their jobs will probably seek alternative employment. Results have been consistent in this regard and show a casual relationship between job dissatisfaction and turnover (Spector, 1997).

Hulin *et al.* (1985) proposed grouping individual withdrawal behaviors together as they are all manifestations of "job adaptation." Moreover, Hulin (1991) argued that since the incidence of most individual withdrawal behaviors is quite low, assessing the behaviors collectively enhanced the ability of exhibiting relationships between work attitudes and work behavior. Following this logic, several studies looking at absenteeism and turnover together, found that job satisfaction was significantly correlated to turnover and absenteeism in the range of $r = -0.25$ (e.g. Hackett & Guion, 1985; Hulin, Roznowski, & Hachiya, 1985; Kohler & Mathieu, 1993). Therefore, it appears that both

absenteeism and turnover are influenced, if not caused, by job satisfaction or dissatisfaction.

4.2 Organizational Justice

Over the past three decades, the notion of fairness has become increasingly more visible in the social sciences. Justice in the organizational sciences is considered to be socially constructed, meaning that an act is just because it is perceived to be so by most individuals (Cropanzano and Folger, 1997). Research in organizational justice has traditionally focused on the antecedents and outcomes of two subjective perceptions: outcome distribution/allocation fairness, which is termed distributive justice (Adams, 1965; Deutsch, 1975; Homans, 1961; Leventhal, 1976), and fairness of the procedures used to determine outcomes allocations, referred to as procedural justice (Leventhal, 1980; Leventhal, Karuza, and Fry, 1980; Thibaut and Walker, 1975).

The dimensionality of organizational justice remains a contested issue, however. Two (Distributive/ Procedural), three (Distributive/ Procedural/ Interactional) and even four (Distributive/ Procedural/ Interactional/ Informational) factor models have been suggested and tested by scholars over the past two decades. Nevertheless, a two factor model approach appears to have been widely favored by the extant literature (Lam *et al.*, 2002). Consequently, the study adopts the latter conceptualization of justice.

The remainder of this section introduces the two components of justice: distributive and procedural, and overviews the consequences of justice on work outcomes.

4.2.1 Distributive Justice

Distributive justice is defined as the perceived fairness of rewards, punishments, and compensation that an individual receives (Alexander and Ruderman, 1987; Folger and Konvoksy, 1989). The advent of distributive justice stems from the works of Adam's (1965) on equity theory.

Equity theory contends that men and women are in a perpetual state of social comparison with a referent group or individual (Adam, 1965). Hence, individuals constantly measure their perceived "inputs" and "outputs" vis-à-vis a referent individual. In other words, an employee equates between his/her contributions (input) to the organization and his/her individual rewards (output) to another employee's contributions (inputs) and rewards (outputs). This evaluation, which is illustrated in the equity equation (see figure 4.3), forms the basis of employee distributive justice judgment (Folger and Cropanzo, 1998).

Figure 4.3 Equity Equation

Employee	Referent Other
$\frac{Inputs}{Outputs}$	$= \frac{Inputs}{Outputs}$

Employees will generally feel a sense of equity when the two ratios are equal, and inequity when they're not. Inequity can either be in the employees favor (being overpaid) or not (being underpaid). While an inequity that is favorable to an employee produces feelings of guilt (Greenberg, 1982; Greenberg 1988), research shows that

employees tend to be less upset about this kind of inequity (Hegtvedt, 1993). On the other hand, inequity that is unfavorable to an employee is likely to be met with negative reactions. Employees may either reduce their inputs (e.g. amount of work they do) or try to increase their outputs (e.g. asking for a raise) to rectify inequity and establish equilibrium. In fact, research has linked distributive justice to lower job performance (Greenberg, 1988; Pfeffer and Langton, 1993), engagement in withdrawal behaviors (Pfeffer and Davis-Blake, 1992; Schwarzwald *et al.*, 1992), stealing (Greenberg, 1990), and experiencing stress (Zohar, 1995). On the other hand, Sweeney and McFarlin (1993) argued that distributive justice was likely to exercise greater influence on personal-referenced outcomes such as satisfaction, than organizational-referenced outcomes, such as organizational commitment.

4.2.2 Procedural Justice

Procedural Justice is defined as the perceived fairness of the methods, mechanisms, and processes used to distribute outcomes (Folger and Cropanzano, 1997; Alexander and Ruderman, 1987). The inclusion of procedural justice in the study of organizational justice was introduced by Thibaut and Walker (1975) after extensive research on individual's reactions to dispute resolution procedures. Their research suggested that there were two stages in third party conflict resolution procedures; a process stage and a decision stage. Thibaut and Walker (1975) argued that disputants perceived the amount of influence they had on each stage as process control and decision control respectively. Consequently, procedures were viewed as fair if the disputants believed that they had process control (i.e. sufficient time and control over the presentation of their arguments). In fact, disputants were even willing to give up control

in the decision stage so long as they retained control in the process stage (Colquitt *et al.*, 2001). This came to be referred to as “fair process effect” or “voice” effect (e.g. Folger, 1977; Lind and Tyler, 1988) Thibaut and Walker, in effect, equated process control with procedural justice (Folger and Cropanzo, 1998).

The notion of procedural justice was extended further by Leventhal and colleagues (Leventhal, 1980, Leventhal *et al.*, 1980) to include determinants other than process control. Leventhal’s theory of procedural justice argued that for a procedure to be perceived as fair, it had to meet six criteria: it should be (1) applied consistently across people and time, (2) be bias free, (3) ensure that decisions are based on accurate information, (4) incorporate a mechanism to correct flawed or inaccurate decisions, (5) conform to prevailing ethics and morality standards, and (6) take into consideration the opinions of various groups that are affected by the decision (Colquitt *et al.*, 2001).

Procedural justice is believed to exert greater influence on organizational referenced outcomes such as commitment (Sweeney and McFarlin, 1993), and influence employees’ judgment of the exchange relationship quality with their organization (Masteron, Lewis, Goldman, and Taylor, 2000). Furthermore, research shows that when employees consider the process to be fair, they are more tolerant of the outcome even if it is not in their favor (Folger and Cropanzo, 1998). For example, Lind and Tyler (1988) found that the same amount of pay was perceived to be less fair when produced by an unfair procedure than when produced by a fair one.

4.2.3 The Consequences of Organizational Justice on Work Outcomes

4.2.3.1 Organizational Justice and Job Performance

The relationship between procedural justice (PJ) and performance is somewhat contradictory and unclear (Colquit *et al.*, 2001). For example, a study conducted by Earley and Lind (1987) found a positive relationship between PJ and job performance in a laboratory study, but not in a field study. Conversely, Kanfer, Sawyer, Earley, and Lind (1987) found a negative correlation between PJ and performance. While Keller and Dansereau (1995) established a moderately strong relationship between PJ and performance. This suggests that procedural justice, consistent with Sweeney and McFarlin (1993) proposition, is more linked with organization referenced outcomes.

Distributive Justice (DJ), on the other hand, has been linked with job performance. This is consistent with the equity theory discussed above. For example, Greenberg (1988), Pfeffer and Langton (1993) as well as Ball *et al.* (1994) have all found distributive justice to be positively correlated with job performance. This means that employees who believe that their outcome is unfair (Distributive injustice) will reduce their performance to counterbalance the inequity. This is in line with Sweeney and McFalin's (1993) suggestion that DJ is associated with individual specific outcomes.

4.2.3.2 Organizational Justice and Withdrawal Behavior: Absenteeism and Turnover

Colquit *et al.* (2001) argued that employees who withdraw are usually those who are leaving the overall organization. Therefore, withdrawal should be viewed as a system or organization referenced outcome similar to organizational commitment. As such, PJ

would be expected to have greater influence over these outcomes. However, research on this subject matter remains insufficient, with the available results being mixed (Loi *et al.*, 2006).

Hom *et al.* (1984) and Hendrix *et al.* (1998), for example, suggested that distributive justice influenced job withdrawal. Specifically, they argued that employees, who perceived DJ to be low, chose to quit their jobs in a bid to end inequity. Cohen *et al.* (2001) and Dailey and Kirk (1992), on the other hand, reported a negative relationship between PJ and turnover.

4.4 Tying it all together: Organizational Justice, Job satisfaction and Organizational Commitment

Several studies have established a link between organizational justice and both job satisfaction and organizational commitment. These findings are summarized below:

Organizational Justice and Job satisfaction: The two-factor model posits that DJ is associated with individual specific outcomes such as outcome satisfaction, while PJ is associated with more general organizational referenced outcomes such as commitment (Sweeney and McFarlin, 1993). Following this logic, PJ is expected to directly influence job satisfaction, since it is considered to be a more general, organization referenced outcome. Many studies have, in fact, established high correlations between PJ and job satisfaction (e.g. Mossholder, Bennett, and Martin, 1998; Wesolowski and Mossholder, 1997). More recently, Masterson *et al.* (2000) found PJ to be a more powerful predictor

of job satisfaction then interactional justice. On the other hand, a study conducted by McFarlin and Sweeny (1992) found distributive justice to be a better predictor of job satisfaction than procedural justice. Similarly, Robinson (2004) found distributive justice to account for the most variance in job satisfaction.

Organizational Justice and Organizational Commitment: According to the two-factor model, organizational commitment is considered to be associated with PJ (Sweeney and McFarlin, 1993). Consistent with this premise, several studies have found PJ to be more directly related to affective commitment than DJ (e.g. Robinson, 2004; Masterson *et al.*, 2000; Folger and Konvosky, 1989; McFarlin and Sweeney, 1992; Sweeney and McFarlin, 1993). Conversely, Lowe and Vodanovich (1995) and Greenberg (1994) found DJ to have a stronger relationship with organizational commitment than PJ.

Chapter 5

Research Design and Questions

This chapter describes the procedure, participants, and measurements used in the study in section 4.1. Section 4.2 provides an overview and definition of the issues and related questions that are tackled by this study.

5.1 Research Design

5.1.1 Procedure

The study was conducted in Muscat, Sultanate of Oman during the months of February and March, 2007. Organizations were chosen on the basis of size (number of employees) and years in operation. Specifically, organizations were required to have at least 100 employees, and to have been in operation for 5 years or more. Initially, 20 organizations from various sectors of the economy were approached to participate in the study. However, only nine out of the initial 20 organizations actually participated in the research. The 11 companies that declined to participate in the research offered different reasons:

- One multinational company claimed that its employees were too busy to participate in the survey.
- HR managers of two multinational companies who had initially promised to participate in the study failed to do so. Subsequent efforts to contact them failed.

- A five star international hotel chain, which had already administered the survey questionnaires to its employees, later apologized for “misplacing” the surveys.
- The remaining companies did not wish to share what they termed “sensitive” information.

It should be noted that the major problem faced whilst collecting the data was convincing organizations that their identities would remain anonymous. A certified letter from LAU explaining the motives behind the research was presented to all organizations as a guarantee that their identities would remain confidential. However, many organizations still declined to participate.

Perhaps the fact that research is relatively new to Oman might help explain why Human Resource (HR) managers were very cautious with giving out information. Moreover, many HR managers were surprised to learn that a graduate student from a foreign university was interested in conducting research in Oman. This might have raised some suspicion. Consequently, only a handful of HR managers were genuinely interested in assisting the researcher.

Another problem encountered by the researcher was the window dressing of data by some HR managers. HR managers of at least two organizations tried to bias the data by personally handpicking about ten employees to fill out the surveys. The fact that only a small number of employees participated in the survey prompted the researcher to inquire further about this. Employees in the HR departments of two companies later

explained that the managers were worried about the findings. Consequently, those questionnaires were discarded of.

The remaining nine organizations that did partake in the study operate in the education, hotel, aviation, oil and gas, contracting, and retail sectors. A brief description of these organizations is provided in table 5.1.

Table 5.1 Profile of Participating Organizations

Industry	Organization
Hotel	Two major five star hotels
Aviation	Aviation company in Oman
Oil and Gas	One of the larger companies
Retail	One medium sized company
Education	Two major universities; one private school

To illustrate, the hotel industry in Oman is dominated by six major hotels, with each employing between 200-300 workers. Five out of the six hotels have been in operation for the last 16 years. The remaining hotel has only been in operation for six years. A seventh hotel was excluded from the survey because it has only been in operation for one year.

5.1.2 Participants

A total of 240 questionnaires were distributed to Omani and non-Omani full time employees in nine organizations. After removing questionnaires with missing information, the sampling size was 154, representing a response rate of 64%. More than half (57.1%) of the respondents were non – Omani, with the vast majority being male (69.1%). Around one fifth of the respondents were high school graduates (21.2%),

26.5% had a technical degree, 29.1% had a bachelor degree, and 23.2% had at least a masters degree or above. Half of the participants were senior level (47%), 22.4% were in middle management, and 21.7% were entry level. Table 5.2 presents a breakdown of the percentage of respondents by sector.

Table 5.2 Respondents by Sector

Industry	Respondents
Hotel	24.03%
Aviation	20.78%
Retail	3.25%
Education	40.91%
Contracting	7.79%
Oil and Gas	3.25%

Due to time constraints and problems with data collection, some sectors were more heavily represented than others. Particularly, organizations in the retail, contracting, and oil and gas sectors took a long time to distribute the questionnaires. Consequently, only those questionnaires that were handed- in on time were included in the data analysis².

5.1.3 Measurements

A survey questionnaire instrument was used to collect data for this study. A copy of the questionnaire is provided in Appendix 1. The questionnaire measured demographic variables such as tenure, education, nationality, salary, English language proficiency,

² Sampling problems have also been reported in Saudi Arabia prompting researchers there to use a non-probabilistic sampling method (see Al-Meer, 1989).

sex, benefits (such as housing, medical insurance, and transportation) among Omani and non-Omani employees. Furthermore, respondents were asked to specify their organization's name. This was done to help identify the sector or industry that the respondent's organization belongs to, and to ensure better variety. Three constructs, organizational commitment, job satisfaction, and organizational justice were also measured using 30 questions in total. What follows is a brief description of the questions used to assess each of the three constructs.

Organizational commitment. Two components of commitment (Affective and Continuance) were measured using the scales developed by Meyer and Allen (1991). Each component was measured using four questions out of the original eight questions developed by MA. Respondents were asked to rate the extent of personal agreement on a five point scale (1= strongly disagree; 5= strongly agree). Examples of questions pertaining to affective commitment include "I would be very happy to spend the rest of my life with this organization" or "I do not feel like part of the family at my organization." Continuance commitment, on the other hand, was measured with questions such as "Too much in my life would be disrupted if I decided to I wanted to leave my organization" and "One of the major reasons I continue to work for this organization are the overall benefits that may not be matched by any other organization."

Job Satisfaction. The short form of the Minnesota Satisfaction Questionnaire (MSQ) was used to assess intrinsic, extrinsic, and overall job satisfaction (Weiss *et al.*, 1967). In total, 20 questions were included, each scored on a five-point scale (1= very dissatisfied; 5= very satisfied). Intrinsic satisfaction, which is concerned with aspects that are directly related to the nature of the job tasks and employees emotions regarding those

tasks (e.g. ability utilization, feelings of accomplishment, creativity), was measured with statements such as "On my present job, this is how I feel about the chance to work alone" and "On my present job, this is how I feel about the chance to do something that makes use of my abilities." Extrinsic satisfaction, which is concerned with aspects of the job that are not concerned with the work itself (e.g. company policy or wage level), was assessed using statements like "On my present job, this is how I feel about the way company policies are put into practice" and "On my present job, this is how I feel about my pay and the amount of work I do." Overall job satisfaction is computed through summing the responses of all 20 questions.

Organizational Justice. Distributive justice, consistent with Colquitt's (2001) study, was assessed with items reflecting Leventhal's (1976) equity rule conceptualization to maximize generalizability. There were four questions in total. Respondents were asked to rate the degree of agreement on the fairness of an outcome such as pay level or compensation using a five-point scale (1= strongly disagree; 5= strongly agree). Examples include "Does your compensation reflect the effort you have put into your work?" and "Is your pay level appropriate for the work you have completed." Procedural justice, on the other hand, was assessed with six questions reflecting items from Leventhal (1980) and Thibaut and Walker's (1975) concepts. Respondents were asked to rate how fair they perceived the procedures (e.g. company policies) used to arrive at particular outcomes such as promotion or compensation to be. Statements such as "Have you been able to express your views and feelings regarding the procedures use to arrive at that job decision?" and "Have those procedures been applied consistently and in an unbiased manner?" are examples.

5.2 Research Questions

The objectives of this study are to assess the levels of organizational commitment, job satisfaction, and perceptions of justice among both Omani and expatriate employees in the Sultanate of Oman. Furthermore, the study aims to measure whether there are any significant differences between these conceptualizations among the Omani and expatriate work force. Finally, the study intends to identify whether a relationship exists between perceptions of justice and both organizational commitment and job satisfaction.

Specifically, the research attempts to answer the following questions:

- What are the levels of organizational commitment, job satisfaction, and perceptions of justice among the Omani workforce?
- What are the levels of organizational commitment, job satisfaction, and perceptions of justice among the expatriate workforce?
- Are there any significant differences between Omanis and expatriates in terms of organizational commitment, job satisfaction, and perceptions of justice?
- What are the relationships between salaries, benefits, and perceptions of organizational justice?
- What is the relationship between tenure and organizational commitment and job satisfaction?
- Does gender play a role in terms of perceptions of justice, organizational commitment, and job satisfaction?

- Do perceptions of justice influence organizational commitment and job satisfaction?
- What is the relationship between job satisfaction, both intrinsic and extrinsic, and organizational commitment?

5.2.1 Research Hypotheses

Based on the review of literature presented in chapter three, the following hypotheses are developed for each of organizational commitment (affective commitment and continuance commitment), job satisfaction, and organizational justice.

Organizational Commitment:

Affective commitment: The literature has established that work experiences, particularly perceptions of procedural justice, have a significantly positive relationship with the affective component of commitment. This is because affective commitment is a reactive response to work experiences in the organization. In other words, affective commitment is an organization-referenced outcome that is affected by perceptions of policy fairness (procedural justice). Consistent with this logic it is hypothesized that:

H1: There is a significant positive relationship between perceptions of procedural Justice and affective commitment.

Distributive justice, on the other hand, is expected to be more closely associated with individual specific outcomes such as intrinsic job satisfaction. The literature on the relationship between distributive justice and affective commitment is inclusive. It is hypothesized that:

H2: There is no significant relationship between distributive justice and affective commitment.

Past studies have also found organizational tenure to be positively related to affective commitment. Therefore it is hypothesized that:

H3: There is a significant positive relationship between organizational tenure and affective commitment.

Several studies did not find any significant relationship between gender and affective commitment, suggesting that other variables such as personal characteristics are at play.

Therefore, it is expected that:

H4: There is no significant relationship between gender and affective commitment.

The literature review also demonstrates that affective commitment is negatively correlated with turnover behavior. By implication, a higher turnover rate might indicate low levels of affective commitment. Since Omani employees have been found to have a higher turnover rate (e.g. 44.2% for year 2005) than expatriate employees (see chapter two), it is anticipated that:

H5: Affective commitment is higher for expatriate compared to Omani employees.

The literature is inconsistent regarding the relationship between job satisfaction (both extrinsic and intrinsic) and affective commitment. However, since both affective commitment and extrinsic job satisfaction are organization referenced outcomes, it is hypothesized that:

H6: There is a significant positive relationship between extrinsic job satisfaction and affective commitment.

On the other hand, intrinsic job satisfaction is considered a more personal response to the work itself, rather than to the organization as a whole- i.e. individual referent outcome- it is projected that:

H7: There is no significant relationship between intrinsic job satisfaction and affective commitment.

Continuance Commitment: According to the literature, the recognition of both investments and alternatives leads to the development of continuance commitment. Since Omani employees require more training to gain organization specific skills than expatriates, it is expected that Omanis will have higher continuance commitment than expatriates because they stand to lose the investments that they have made (effort and time) in acquiring those skills.

H8: Continuance Commitment is higher for Omani compared to expatriate workers.

Following the same logic, the longer time an employee stays within an organization, the more he/she may stand to lose, especially if there are no alternatives. Therefore, it is expected that:

H9: There is a significant positive relationship between organization tenure and continuance commitment

Another investment that employees might stand to lose is status in the organization, which is derived from job position. Thus, it is expected that:

H10: There is a significant positive relationship between job position and continuance commitment.

Benefits such as medical insurance, housing, and transportation may also have to be forfeited in case employees switch jobs. Therefore:

H11: There is a significant positive relationship between benefits and continuance commitment.

Perceptions of justice, both distributive and procedural, are reactive responses to processes and outcomes in an organization. Continuance commitment, on the other hand, is not a reactive response to organizational processes or outcomes. Therefore, it is projected:

H12: There is no significant relationship between procedural justice and continuance commitment.

H13: There is no significant relationship between distributive justice and continuance commitment.

Job Satisfaction:

Most studies tackling job satisfaction do not distinguish between intrinsic and extrinsic job satisfaction components. This research considers both facets. The work situation or environment has been reported to influence job satisfaction. Specifically, studies show that pay level, which is an extrinsic factor, is related to job satisfaction. Since extrinsic job satisfaction is related to aspects of the job that are not concerned with the work itself- i.e. extrinsic factors- it is expected that:

H14: There is a significant positive relationship between extrinsic satisfaction and salary scale.

Other studies illustrate that pay fairness, i.e. distributive justice, is significantly related to job satisfaction. Since distributive justice is associated with individual referent outcomes such as intrinsic job satisfaction, it is hypothesized that:

H15: There is a significant positive relationship between distributive justice and intrinsic job satisfaction.

Perceptions of procedural justice, which are associated with organization referent outcomes, have also been linked to job satisfaction. Since extrinsic job satisfaction is considered to be a more general reaction to extrinsic work aspects, it is expected that:

H16: There is a significant relationship between procedural justice and extrinsic satisfaction.

Studies have also found a significant causal relationship between job dissatisfaction and turnover behavior. As mentioned earlier, Omani workers have exhibited a much higher turnover rates than their expatriate counterparts. Therefore, it is anticipated that:

H17: Extrinsic job satisfaction will be lower for Omani compared to expatriate workers.

H18: Intrinsic job satisfaction will be lower for Omani compared to expatriate workers.

Organizational Justice:

Equity theory states that employees constantly measure their perceived “inputs” and “outputs” vis-à-vis a referent individual. Accordingly, salary scales (output) are often used by employees when comparing between their inputs/outputs with that of a referent other. Therefore:

H19: There is a significant relationship between distributive justice and salaries. Chapter two illustrated that Omani employees preferred to work in public sector jobs due the generous fringe benefits that are not matched by the private sector. Equity theory posits that an employee compares between his/her inputs/outputs and a referent’s inputs/outputs. Since benefits are considered part of the outputs or compensation received by employees, it is expected that:

H20: There is a significant relationship between distributive justice and benefits. Moreover, since Omani employees do not receive the same benefits as expatriates in terms of housing, transportation, and medical insurance, it is anticipated that:

H21: Distributive Justice is lower for Omani compared to expatriate employees. Chapter two also illustrated that it was harder for companies to strictly enforce their policies on local workers. Therefore it is hypothesized that:

H22: Procedural justice is higher for Omani compared to expatriate employees.

Chapter 6

Data Analysis

This chapter analyzes the results from the survey questionnaires. Descriptive statistics are introduced in section 6.1, and correlations are discussed in section 6.2. The results of a series of hierarchical regressions are presented in section 6.3.

6.1 Descriptive Statistics

Table 6.1 presents the mean scores for Omani and expatriate employees for each of affective commitment (AC), continuance commitment (CC), extrinsic job satisfaction (EJS), intrinsic job satisfaction (IJS), overall job satisfaction (OJS), procedural justice (PJ), and distributive justice (DJ). The t-values for the differences in means and their significance are also reported in table 6.1.

Table 6.1 Mean scores of Omani and Expatriate Employees

	AC	CC	EJS	IJS	OJS	PJ	DJ
Omani	3.32 (0.87)	2.95 (0.80)	2.93 (0.95)	3.34 (0.74)	3.25 (0.75)	3.02 (0.87)	3.03 (0.89)
Expatriate	3.36 (0.82)	2.74 (0.77)	3.27 (0.62)	3.71 (0.62)	3.57 (0.59)	3.09 (0.75)	3.40 (0.79)
t-value	-0.28	1.60	-2.37*	-3.27**	-2.99**	-0.50	-2.72**

* $P < 0.05$; ** $P < 0.01$

The figures appearing in table 6.1 indicate that the means of affective commitment and procedural justice are almost identical between the Omani and expatriate sample. The average scores (3.3 and 3.0 respectively) suggest that both Omani and expatriate employees are moderate on both affective commitment and their

perceptions of procedural justice. Further, except for continuance commitment, the average scores for Omani employees are generally lower than for expatriates. In particular, the mean scores of both extrinsic, intrinsic, and overall job satisfaction and distributive justice are significantly higher for expatriate employees than Omani employees. This suggests that expatriates are generally more satisfied intrinsically and extrinsically with their jobs, and have higher perceptions of distributive justice.

It is also interesting to note that the standard deviation of expatriate's mean scores is consistently lower than for Omanis. This seems to indicate that a lower disparity in the perceptions of work attitudes prevails among expatriates as compared to Omanis.

6.2 Correlations

Table 6.2 shows the Pearson correlations between each of the three conceptualizations of organizational commitment, job satisfaction, and organizational justice. The results indicate that affective commitment is significantly positively correlated with each of extrinsic job satisfaction ($r = 0.40$, $p < 0.001$), and overall job satisfaction ($r = 0.37$, $p < 0.01$), and to a lesser extent with intrinsic job satisfaction ($r = 0.27$, $p < 0.01$). The results are consistent with the findings of a recent meta-analytic study conducted by Meyer *et al.* (2002), and suggest that employees who are more satisfied with their jobs are more likely to have stronger emotional attachments to their organizations.

The correlation matrix in table 6.2 also shows that affective commitment is significantly positively correlated with both distributive justice ($r = 0.26$, $p = 0.01$) and procedural justice ($r = 0.24$, $p < 0.01$). This indicates that employees with higher

perceptions of procedural and distributive justice are more likely to exhibit higher levels of affective commitment.

Table 6.2 Correlations Matrix between the three conceptualizations

	AC	CC	EJS	IJS	OJS	PJ	DJ
Affective Commitment (AC)	1						
Continuance Commitment (CC)	0.02	1					
Extrinsic Job satisfaction (EJS)	0.40 **	0.11	1				
Intrinsic Job satisfaction (IJS)	0.27 **	0.06	0.57 *	1			
Overall Job satisfaction (OJS)	0.37 **	0.06	0.85 **	0.88 **	1		
Procedural Justice (PJ)	0.24 **	0.09	0.56 **	0.53 **	0.59 **	1	
Distributive Justice (DJ)	0.26 **	0.20 *	0.60 **	0.44 **	0.53 **	0.43 **	1

* $P < 0.05$; ** $P < 0.01$

Continuance commitment, on the other hand, is found to significantly positively correlate with distributive justice only ($r=0.20$, $p<0.05$). Since continuance commitment stems from employees awareness of the costs associated with leaving the organization, employees who perceive the costs to be high will probably have higher levels of continuance commitment than those who do not. It follows that employees who feel that they are not being compensated fairly might also perceive the costs related to quitting the job to be lower. The costs in this context refer to the compensation that employees will forfeit once they quit their jobs. Since this compensation is considered to be unfairly probably little in comparison to the inputs- the loss is not very substantial. Consequently, the barriers to leaving the organization are lower and employees would, as a result, have lower continuance commitment.

Further, the results indicate that procedural justice is significantly positively correlated with extrinsic job satisfaction ($r= 0.56$, $p<0.01$) and intrinsic job satisfaction ($r=0.53$, $p<0.01$). Since overall job satisfaction is derived from the combination of both

the intrinsic and extrinsic components, it is also significantly positively correlated with procedural justice ($r=0.59$, $p<0.01$).

Sweeny and McFarlin (1993) suggest that procedural justice should have a stronger association with organization referent outcomes such as organizational commitment, while distributive justice should have a stronger association with personal referent outcomes such as outcome satisfaction. Accordingly, procedural justice should significantly positively correlate with extrinsic job satisfaction, since the former is an organization referenced outcome. The results are indeed in line with this expectation, and indicate that employees who have higher perceptions of procedural justice are likely to have higher levels of extrinsic job satisfaction.

Interestingly, procedural justice is also found to be related to personal referent outcomes such as intrinsic job satisfaction. This could be due to the effect that procedural justice might have on the perceptions of allocation fairness- i.e. distributive justice. Employees, who believe that the organizational policies in place are bias and unfair, will consequently, question the fairness of the compensations that they're receiving. In other words, even though distributive justice is expected to correlate more strongly with personal referenced outcomes such as intrinsic job satisfaction, possible interactions between these two components of justice might affect intrinsic job satisfaction. In fact, a closer look at table 6.2 reveals that procedural justice is significantly positively correlated with distributive justice ($r= 0.43$, $p<0.01$), suggesting that employees with higher perceptions of procedural justice also have higher perceptions of distributive justice.

In order to shed more light on the relationship between demographic variables and the three conceptualizations, correlations between organizational commitment, job satisfaction, organizational justice and demographic variables were computed. The results are presented in table 6.3. The findings indicate that nationality is significantly negatively correlated with intrinsic ($r=-0.26$, $p<0.05$) and extrinsic ($r=-0.19$, $p<0.05$) job satisfaction. This suggests that Omani employees are generally less satisfied with their jobs than their expatriate counterparts.

Table 6.3 Correlations between organizational commitment, job satisfaction, organizational justice and demographic variables

	AC	CC	EJS	IJS	OJS	PJ	DJ
Nationality^a	-0.02	0.13	-0.19*	-0.26*	-0.24**	-0.04	-0.22**
Education Level	0.13	-0.21**	-0.03	0.07	0.63	-0.13	0.17*
Tenure	0.00	0.05	-0.14	0.09	-0.02	-0.16	-0.03
English Proficiency	0.05	0.14	0.09	-0.10	-0.03	-0.12	-0.05
Salary	0.16	-0.17*	0.08	0.25**	0.22**	0.08	0.14
Housing	0.05	0.05	0.00	0.12	0.04	-0.05	0.19*
Medical	-0.02	0.16	0.20*	0.05	0.07	0.14	0.22**
Transportation	-0.06	0.08	-0.05	0.04	-0.03	0.09	0.07
Gender^b	0.04	0.07	-0.06	-0.12	-0.05	-0.02	0.03
Position	-0.09	0.05	0.15	0.21	0.17*	0.22**	0.11

Note: a. Nationality: Omani = 1, Expatriate=0;

b. Gender: Male=1, Female = 0

* $P<0.05$; ** $P<0.01$

Nationality is also significantly negatively correlated with distributive justice ($r=-0.22$, $p<0.01$). The lower perceptions of distributive justice among Omani employees might be due to the fact that they do not receive the same benefits as their expatriate counterparts, especially in terms of housing and medical insurance. In fact, correlation

results show that distributive justice correlates positively, but weakly, with both housing ($r=0.19$, $p<0.05$) and medical insurance ($r=0.22$, $p<0.01$) benefits. This implies that employees' who have housing and medical insurance benefits have higher perceptions of distributive justice.

With respect to distributive justice, it is significantly positively associated with educational level ($r=0.17$, $p<0.05$). Since employees with higher levels of education are usually more marketable because of the skills that they possess, they are better compensated than those who have lower levels of education. Therefore, it is not surprising that these employees have higher levels of distributive justice as a result.

On the other hand, procedural justice is significantly positively correlated ($r=0.22$, $p<0.01$) with job position only. This probably suggests that as employees get promoted to higher positions, they also assume greater influence in the organization and can therefore have voice over the procedures used. In other words, they can express their feelings more freely towards certain policies, and can also appeal those decisions which they feel were arrived to unfairly. As such, employees with higher positions have higher levels of procedural justice.

Conversely, continuance commitment is significantly negatively correlated with education level ($r= -0.21$, $p<0.01$). The same logic used to describe the relationship between distributive justice and education level applies here as well. In other words, since employees with higher education levels are more marketable, the costs associated with leaving the organization are lower due to the fact that there are numerous other

viable alternatives. As such, these employees tend to have lower levels of continuance commitment.

Interestingly, salary is significantly negatively associated with continuance commitment ($r=-0.17$, $p<0.05$). This finding might seem contrary to what is expected at first, but it is not necessarily so. While the premise that higher salaries act as barriers to exit is appealing, the fact that employees are getting high salaries might also indicate that they possess technical or specialized skills that are highly sought after by the industry at large. As such these employees would have more alternatives (job opportunities) to choose from- since they are at high demand- and therefore would have lower levels of continuance commitment.

Table 6.4 Demographic Intercorrelations

	1	2	3	4	5	6	7	8	9
1.Nationality^a	1								
2.Education Level	-0.46*	1							
3.Tenure	0.05	0.09	1						
4.English Proficiency	-0.33**	-0.43**	0.13	1					
5.Salary	-0.26**	0.53**	0.29**	-0.26**	1				
6.Housing	-0.52**	0.41**	-0.01	-0.36**	0.29**	1			
7.Medical Insurance	-0.29**	0.09	-0.04	-0.12	0.02	0.24**	1		
8.Tranportation	0.14	-0.03	-0.04	-0.01	-0.16	0.12	0.01	1	
9.Gender^b	0.30**	-0.08	0.27**	0.17*	-0.06	-0.09	0.04	0.01	1
10.Position	-0.07	-0.02	0.23**	0.04	0.24**	-0.07	0.14	-0.06	-0.03

Note: a. Nationality: Omani = 1, Expatriate=0;

b. Gender: Male=1, Female = 0

* $P<0.05$; ** $P<0.01$

Finally, table 6.4 summarizes the demographic correlations amongst themselves. As shown, nationality tends to significantly negatively correlate with education level, English language proficiency, salary, and housing and medical insurance benefits. Salary,

on the other hand, correlates significantly positively with position, organizational tenure, education level, and gender.

6.3 Hierarchical Regression

The results from two-step, four-step and five-step hierarchical regression models are presented in sections 6.3.1, 6.3.2, and 6.3.3 respectively.

6.3.1 Two Step Hierarchical Regression Model

This section presents the results of a two step hierarchical regression, which is conducted for each of the three conceptualizations. Nine demographic variables are entered at step 1: tenure, education level, English language proficiency, salary, housing benefits, medical insurance, transportation benefits, job position, and gender. Nationality is entered at step 2. Table 6.5 presents the results of these hierarchical regressions. The two regression equations explain between 6 to 19 percent of the variance in perceptions of organizational commitment, job satisfaction, and organizational justice. The results of each of the three conceptualizations are presented below:

Organizational commitment:

As table 6.5 illustrates, none of the demographic variables entered in step 1 yielded any significant results for affective commitment ($R^2 = 0.06$, $F = 0.82$, $p > 0.05$). The results do not support hypothesis 3 ($\beta = -0.05$, $p > 0.05$), indicating that there is no relationship between organizational tenure and affective commitment. This finding is not in line with past studies conducted by Cohen (1993a) or Mathieu and Zajac (1990), who report positive relationships between affective commitment and organizational tenure. It

Table 6.5 Two Step Hierarchical Regression Results

Independent variables	Organizational Commitment				Job satisfaction				Organizational Justice			
	AC	AC	CC	CC	EJS	EJS	IJS	IJS	PJ	PJ	DJ	DJ
	by step	final step	by step	final step	by step	final step	by step	final step	by step	final step	by step	final step
<i>Step 1</i>												
Education	0.09	0.09	-0.09	0.07	-0.02	-0.09	-0.04	-0.14	-0.22*	-0.24*	0.18	0.12
Tenure	-0.05	-0.05	0.05	0.03	-0.25**	-0.24*	0.00	0.02	-0.24**	-0.24**	-0.09	-0.09
English Prof.	0.13	0.13	0.14	0.14	0.15	0.15	-0.05	-0.05	-0.18	-0.18	0.06	0.06
Salary	0.18	0.18	-0.17	-0.20	0.15	0.17	0.23*	.251*	0.21	0.21*	0.03	0.05
Housing												
Benefits	0.02	0.02	0.15	0.27*	-0.01	-0.09	0.04	0.07	-0.11	-0.13	0.09	0.03
Medical												
Insurance	0.01	0.01	0.18	0.23*	0.24**	0.20*	0.04	-0.01	0.14	0.13	0.24**	0.21**
Transportation												
Benefit	-0.01	-0.01	-0.03	-0.09	-0.05	0.00	0.03	0.10	0.00	0.12	0.05	0.09
Gender ^a	0.05	0.05	-0.05	-0.11	-0.05	0.00	-0.13	-0.07	0.01	0.02	-0.02	0.02
Position	-0.10	-0.10	0.03	0.05	0.15	0.14	0.15	0.13	0.22*	0.21*	0.13	0.12
R ²	0.06		0.11		0.16		0.12		0.19		0.16	
F	0.82		1.66		2.58**		1.90		3.19**		2.66**	
<i>Step 2</i>												
Nationality ^b	0.00	0.00	0.31**	0.31**	-0.23*	-0.23*	-0.30**	-0.30**	-0.70	-0.70	-0.18	-0.18
ΔR ²	0.00		0.05		0.03		0.05		0.00		0.02	
ΔF	0.00		7.28**		4.39*		6.99**		0.39		2.47	
R ²	0.06		0.16		0.19		0.17		0.19		0.18	
F												

Note: a. Gender: Male=1, Female = 0;

b. Nationality: Omani = 1, Expatriate=0

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

could be that other variables moderate the relationship between affective commitment and organizational tenure such as job scope and leader-subordinate relationships. Indeed, job scope and organizational tenure need not go hand in hand, meaning that an employee might be “stuck” in the same job position performing the same tasks for a number of years. As a result, the job challenge, the degree of autonomy and the variety of skills used by the employee do not change significantly over time. In such a case employees might develop lower levels of affective commitment.

Moreover, although the casual order of the relationship between job satisfaction and affective commitment remains a contested issue, the fact that many studies have established a positive relationship between them might indicate that tenure influences affective commitment through job satisfaction. In other words, job satisfaction might also moderate the relationship between tenure and affective commitment.

Conversely, the results lend support to Hypothesis 4 ($\beta = 0.05, p > 0.05$) confirming that gender does not have a significant relationship with affective commitment. This is consistent with past findings. The addition of nationality in step 2 is not significant and does not increase R^2 . Thus, the results do not support hypothesis 5 ($\beta = 0.05, p > 0.05$), demonstrating that there are no differences in affective commitment between Omani employees and expatriates. The premise that higher turnover rates among Omani employees might be indicative of lower levels of affective commitment is therefore not supported by the findings. Alternatively, this could imply that the higher turnover rates are indicative of lower levels of other work attitudes such as job satisfaction or organizational justice.

Table 6.5 also shows that, after accounting for demographic variables, the addition of nationality is significant for continuance commitment ($\Delta F=7.28, p<0.01, \beta=0.31, p<0.01$) and increases R^2 by 0.05. This supports hypothesis 8, indicating that continuance commitment is higher for Omani than for expatriate employees. The results are consistent with the notion that continuance commitment develops as a result of recognizing the investments made and the existence of viable alternatives. That is, the facts that Omani employees, in general, require more training to gain organization specific skills, and that they are less marketable due to their limited work experience, raise their costs of leaving the organization.

The findings also lend support to hypothesis 11 illustrating that benefits have a positive relationship with continuance commitment. Specifically, medical insurance ($\beta=0.23, p<0.05$) and housing allowance ($\beta=0.27, p<0.05$) are found to have a significantly positive relationship with continuance commitment. This suggests that these two benefits are perceived to be of particular importance by all employees, and that the costs associated with forfeiting those benefits act as a barrier to leaving the organization. Deductively, this implies that employees with high continuance commitment will only leave their organizations if they are offered similar, if not better, benefits.

Conversely, the findings do not support hypothesis 9 ($\beta=0.03, p>0.05$) and 10 ($\beta=0.05, p>0.05$), suggesting that there is no significant relationship between continuance commitment and each of organizational tenure and job position. This might indicate that employees do not factor in status or power in their perceptions of the costs associated with leaving the organization.

Job Satisfaction:

Demographic variables entered in step 1 produced significant results for both extrinsic and intrinsic job satisfaction explaining 16 and 12 percent of the variance in these conceptualizations respectively. Contrary to what is hypothesized, the results do not support hypothesis 14 ($\beta = 0.15, p > 0.05$), suggesting that salary level or scale does not have a significant relationship with extrinsic job satisfaction. Surprisingly, the results indicate that salary level or scale is significantly related to intrinsic job satisfaction ($\beta = 0.251, p < 0.05$). The reason is that intrinsic job satisfaction develops from employees' attitudes of facets pertaining to the nature of the job itself and job tasks- what are called intrinsic job characteristics, and not from extrinsic components such as company policies or salary scale. The finding suggests the existence of a channel through which salary level influences intrinsic job satisfaction, namely distributive justice. The equity rule implies that salary scales are used by employees as outcome variables to compare between their inputs and outputs with that of a referent other. This is how perceptions of distributive justice are formed. Since distributive justice is closely related to personal referenced outcomes such as intrinsic job satisfaction, higher levels of distributive justice are expected to predict higher levels of intrinsic job satisfaction, which is the case in this study.

Consistent with the premise that extrinsic job satisfaction is affected by extrinsic job characteristics, medical insurance is reported to have a significantly positive relationship with extrinsic job satisfaction ($\beta = 0.20, p < 0.05$), while tenure is found to have a significantly negative relationship with extrinsic job satisfaction ($\beta = -0.24, p < 0.05$). This suggests that employees who have been in the organization for a longer

time are, on average, less satisfied extrinsically with their jobs, while those employees with medical insurance are more extrinsically satisfied.

The addition of nationality in step 2 is significant and increases R^2 by 0.03 for extrinsic job satisfaction ($\Delta F=4.39, p<0.05$) and by 0.05 for intrinsic job satisfaction ($\Delta F=6.99, p<0.01$). The results support hypothesis 17 and 18 denoting that Omani employees are both extrinsically ($\beta = -0.23, p<0.05$) and intrinsically ($\beta = -0.30, p<0.01$) less satisfied with their jobs than their expatriate counterparts. As discussed in chapter two, Omani employees have exhibited high turnover rates in private sector jobs. Previous studies have established significant causal relationships between dissatisfaction and turnover rates. The lower levels of job satisfaction among Omanis, as illustrated in table 6.5, suggests that further research is needed to verify whether such a causal relationship exists. This would shed some light and help explain why higher turnover rates have been recorded among Omani employees.

Organizational Justice:

Step 1 accounts for the impact of demographic variables on procedural and distributive justice. The addition of nationality in step 2, however, is not significant for both procedural justice ($\Delta F=0.39, p>0.05$) and distributive justice ($\Delta F=2.47, p>0.05$). As such, the results do not support hypothesis 21 ($\beta = -0.18, p>0.05$) and 22 ($\beta = -0.70, p>0.05$) implying that there are no differences in perceptions of distributive justice and procedural justice between Omani and expatriates employees.

In contrast, the findings lend support to hypothesis 20 suggesting that there is a significant positive relationship between benefits and distributive justice. Specifically,

medical insurance ($\beta = 0.24, p > 0.05$) is found to have a positive relationship with distributive justice. This indicates that employees partly form their perceptions of distributive justice based on whether or not they are offered medical insurance. Surprisingly, the results do not support hypothesis 19 ($\beta = 0.03, p > 0.05$), suggesting that there is no significant relationship between salary levels and distributive justice. In contrast, salary levels are found to be significantly positively related to procedural justice. This indicates that employees attribute the distribution of salary levels to organizational processes, and regard unfairness in salary distribution to emanate from unfair procedures.

The fact that medical insurance is found to have a positive relationship with continuance commitment, extrinsic job satisfaction, and distributive justice, suggests that it is an important variable in determining work attitudes. Although the Omani government offers free medical care to all of its citizens under the Social Insurance Law, these government-run medical facilities usually tend to be understaffed and overcrowded. Moreover, the quality of doctors and medical care varies with location. Expatriates, on the other hand, are usually covered by private medical insurance. The differences in medical insurance provisions between Omani and expatriate employees might explain why this variable is of such importance. Omani employees might perceive private medical insurance to be of better quality. The fact that they are not usually offered this benefit might make them feel discriminated against, and help explain why they have lower levels of extrinsic job satisfaction.

6.3.2 Four Step Hierarchical Regression Model

A second four step hierarchical regression model is implemented to test the relationships between organizational justice and each of organizational commitment and job satisfaction. The four step hierarchical regression model augments the two step hierarchical model by including two additional sets of variables. The first and second steps are identical to the procedures executed in the two step hierarchical regression model described above. Step 3 includes procedural justice and distributive justice separately, while step 4 considers the interaction between procedural and distributive justice. Interestingly, R^2 increases substantially compared to the two step hierarchical model. The four hierarchical regression equations explain between 18 to 53 percent of variance in the conceptualizations of organizational commitment and job satisfaction. The results, which are presented in table 6.6, are discussed below:

Organizational Commitment:

Step one and two controlled for demographic and nationality variables. The addition of procedural and distributive justice in step 3 is significant and increases R^2 by 0.12 ($\Delta F=8.87, p<0.01$). The results support hypothesis 1 indicating that there is a significantly positive relationship between procedural justice and affective commitment ($\beta=0.31, p<0.01$). Further, the results support hypothesis 2 demonstrating that there is no significant relationship between distributive justice and affective commitment ($\beta=0.14, p>0.05$). The findings are congruent with past research (e.g. Cohen-Charash and Spector, 2001; Colquitt *et al.*, 2001) and is consistent with Sweeney and McFarlin's (1993) proposition that procedural justice is a better predictor of organizational referent

Table 6.6 Four Step Hierarchical Regression Results

Independent variables	Organizational Commitment				Job satisfaction			
	AC (by step)	AC (final step)	CC (by step)	CC (final step)	EJS (by step)	EJS (final step)	IJS (by step)	IJS (final step)
<u>Step 1</u>								
Education level	0.09	0.17	-0.09	-0.02	-0.02	-0.04	-0.04	-0.04
Tenure	-0.05	0.07	0.05	0.06	-0.25**	-0.10	0.00	0.15
English Proficiency	0.13	0.19*	0.14	0.13	0.15	0.20**	-0.05	0.03
Salary	0.18	0.09	-0.17	-0.21*	0.15	0.06	0.23*	0.14
Housing Benefit	0.02	0.08	0.15	0.27*	-0.01	-0.04	0.04	-0.01
Medical Insurance	0.01	-0.08	0.18	0.18	0.24**	0.05	0.04	-0.13
Transportation Benefit	-0.01	-0.03	-0.03	-0.12	-0.05	-0.05	0.03	0.07
Gender ^a	0.05	0.03	-0.05	-0.12	-0.05	-0.01	-0.13	-0.08
Position	-0.10	-0.19	0.03	0.02	0.15	0.00	0.15	-0.01
R ²	0.06		0.11		0.16		0.12	
F	0.82		1.66		2.58**		1.90	
<u>Step 2</u>								
Nationality ^b	0.00	0.01	0.31**	0.33**	-0.23*	-0.16	-0.30**	-0.24*
ΔR ²	0.00		0.05		0.03	-0.19	0.05	
ΔF	0.00		7.28**		4.39*	0.61	6.99**	
R ²	0.06		0.16		0.19		0.17	
<u>Step 3</u>								
PJ	0.31**	-0.30	-0.03	-0.31	0.35***	-0.19	0.47***	0.22
DJ	0.14	-0.46	0.22*	-0.05	0.42***	-0.11	0.21*	-0.04
ΔR ²	0.12		0.04		0.34		0.28	
ΔF	8.87***		2.62*		43.81***		30.35***	
R ²	0.18		0.19		0.53		0.45	
<u>Step 4</u>								
PJ X DJ	1.03*	1.03*	0.46	0.46	0.92*	0.92*		0.43
ΔR ²	0.03		0.01		0.03		0.01	
ΔF	4.96*		0.99		6.92**		1.22	
R ²	0.21		0.20		0.55		0.45	
F	2.44**		2.29*		11.47***		7.61***	

Note: a. Gender: Male=1, Female = 0;

b. Nationality: Omani = 1, Expatriate=0

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

outcomes such as affective commitment than distributive justice. This is because procedural justice perceptions influence employees' judgment of the quality of the exchange relationship with the organization. In fact, the findings reinforce the view that employees with stronger perceptions of procedural justice have higher levels of affective commitment.

The findings can also be explained through organizational support theory. The theory posits that procedural justice is perceived by employees to be indicative of the degree of organizational support (Moorman *et al.*, 1998). In particular, fair procedures reflect the organizations respect of employee rights. It follows that higher perceptions of procedural justice contribute more positively to the degree of organizational support perceived by employees. Consequently, employees reciprocate higher degrees of organizational support with more commitment to the organization, which might be the case here.

Moreover, distributive and procedural justice are also found to have significant interactive effects on affective commitment ($\beta = 1.03, p < 0.05$), increasing R^2 by 0.03 ($\Delta F = 8.87, p < 0.01$). The results suggest that while perceptions of procedural justice are important predictors of affective commitment, interactions with distributive justice also contribute in increasing affective commitment. This is probably because employees who view organizational procedures to be fair find it hard to envisage more positive alternative outcomes. In other words, fairer procedures allow employees to feel that they will get a "fair deal" from the organization should their performance improve in the future. As such, interactions may cause employees to view the organization more positively, translating to increased affective commitment.

The addition of procedural and distributive justice is also significant for continuance commitment increasing R^2 by 0.04 ($\Delta F=2.62, p<0.05$). The results support hypothesis 12 ($\beta = -0.03, p>0.05$), indicating that procedural justice does not have a significant relationship with continuance commitment. In contrast, the findings do not support hypothesis 13 ($\beta = 0.22, p<0.05$), demonstrating that distributive justice does have a significantly positive relationship with continuance commitment. This probably means that employees who perceive outcome allocations to be unfair- i.e. lower distributive justice- have less of a reason to remain employed within the organization, especially since they probably envision more positive alternative outcomes elsewhere. Consequently, the perceived costs associated with leaving the organization are lower, and employees will have lower continuance commitment as a result. In other words, employees become more willing to move to other organizations that offer better outcomes.

Job Satisfaction:

Procedural and distributive justice items are added in step 3 yielding significant results for extrinsic and intrinsic job satisfaction and increasing R^2 by 0.34 ($\Delta F= 43.81, p<0.001$) and 0.28 ($\Delta F=30.35, p<0.001$) respectively. The results support hypothesis 16 indicating that there is a significantly positive relationship between procedural and extrinsic job satisfaction ($\beta = 0.35, p<0.001$). This is in line with expectations, and suggests that the way organizational policies are put into practice influences employees' cognitive attitudinal reactions to organization context job facets.

Moreover, distributive and procedural justice is also found to have interactive effects on extrinsic job satisfaction increasing R^2 by 0.03 ($\Delta F = 6.92, p < 0.01$). The same logic used to explain the interactive effects of distributive and procedural justice on affective commitment may apply here as well. As explained in an earlier section, medical insurance was found to have a significantly positive relationship with extrinsic job satisfaction. Since medical insurance is an outcome variable, it influences perceptions of distributive justice (outcome fairness). According to referent cognitions theory, employees' reactions to perceptions of negative outcomes are magnified if the processes used to arrive at those outcomes are themselves viewed as unfair (Folger, 1993). It follows that employees' who have lower perceptions of distributive justice (e.g. not being offered medical insurance) will be more extrinsically dissatisfied if they perceive procedural justice to be unfair as well.

Lastly, results also support hypothesis 15 demonstrating a significantly positive relationship between distributive justice and intrinsic job satisfaction ($\beta = 0.21, p < 0.05$). This is consistent with past studies. Interestingly, distributive justice is found to have a significantly greater impact on extrinsic job satisfaction than on intrinsic job satisfaction, while the opposite is true for procedural justice. This might be because extrinsic job components are themselves outcomes that are allocated by the organization. Therefore, the acquisition of a certain extrinsic job component (an outcome) affects distributive justice perceptions more than they do to procedural justice perceptions. Extrinsic job satisfaction, which is based on the assessment of these extrinsic components, is consequently influenced by distributive justice.

It is interesting to note that English language proficiency is found to have a significantly positive relationship with extrinsic job satisfaction ($\beta = 0.20, p < 0.01$). This indicates that employees who are more proficient in English tend to be more extrinsically satisfied, than those who are not. In other words, employees who are less proficient in English will probably find it harder to express themselves and communicate with their co-workers. As such, this might hamper employees' integration into the organization and make them feel ostracized. As a result, they become extrinsically less satisfied. This is particularly true for Omani employees who generally tend to be less proficient in English.

6.3.3 Five Step Hierarchical Regression Model

A five step regression model is performed to test the relationship between both extrinsic and intrinsic job satisfaction and organizational commitment. Demographic and nationality variables are entered in step 1, procedural and distributive justice in step 2, and the interaction between procedural and distributive justice in step 3. Extrinsic and intrinsic job satisfaction is then entered in step 4, and overall job satisfaction in step 5. The Results are presented in table 6.7 and are discussed below:

After entering demographic, nationality, procedural and distributive justice variables in steps one, two and three, the addition of extrinsic and intrinsic job satisfaction in step four is significant and increases R^2 by 0.06 ($\Delta F = 4.44, p < 0.05$). The results support hypothesis 6 ($\beta = 0.34, p < 0.01$) and hypothesis 7 ($\beta = 0.04, p > 0.05$), suggesting that only extrinsic job satisfaction is significantly positively related to affective commitment. This indicates that employees who are extrinsically satisfied with their jobs are probably also affectively committed to the organizations. The finding is

consistent with the premise that since both affective commitment and job satisfaction are reactions to organizational context items, they are positively related.

Chapter 7

Conclusion and Recommendations

The objective of this study is to examine the perceptions of three work attitudes, organizational commitment, job satisfaction, and perceptions of justice among both national and expatriate employees in the Sultanate of Oman. Specifically, the research assesses whether there are any significant differences between these conceptualizations among the Omani and expatriate work force. Further, the study tests for relationships between perceptions of justice and each of organizational commitment and job satisfaction. The findings of this research are summarized under the three broad job conceptualizations of organizational commitment, job satisfaction, and organizational justice. The three sections below also include recommendations for future research.

7.1 Differences in perceptions of Organizational Commitment

In regards to affective commitment, the results indicate that there are no significant differences between the emotional attachments that Omani employees hold toward their organizations and that of expatriates. In other words, the claim that Omani employees are less committed than expatriates is unfounded. This finding is robust among different tests and regressions conducted. Affective commitment, however, is significantly positively related to perceptions of procedural justice and to the interaction of both distributive justice and procedural justice. The results indicate that organizations wishing to increase affective commitment need to adopt more transparent policies that are not biased, and to implement procedures or mechanisms through which employees can

freely express their views and opinions about company policies. Further, the findings show a significant positive relationship between extrinsic job satisfaction and affective commitment. This suggests that employees who are extrinsically satisfied in their jobs are probably also emotionally attached to their organizations.

The findings also show that Omani employees tend to have higher continuance commitment than their expatriate counterparts. This is probably due to the facts that Omanis have limited work experience, and thus can not easily transfer their skills elsewhere, and that they might not always possess the necessary skills required by the private sector. This result is found to be significantly stronger when medical insurance and housing benefits are offered to Omanis. The finding is also robust among several regressions conducted.

7.2 Differences in perceptions of Job Satisfaction

Omani employees are found to be extrinsically less satisfied with their jobs than expatriate workers. The fact that Omanis are generally less proficient in English might partly explain why they are extrinsically less satisfied than expatriates. In other words, because Omani employees are unable to communicate well with their expatriate co-workers and supervisors they might feel ostracized from the rest of the organization. This might hamper their integration into the organization, and subsequently lead to lower levels of job satisfaction. The fact that Omanis are less proficient in English raises some concerns over the efficacy of the national educational system.

Two extrinsic job components (medical insurance and salary levels) were found to significantly affect job satisfaction outcomes. However, whether Omani employees tend to put more weight on extrinsic job characteristics or intrinsic job characteristics is unclear. Research has shown that socio-economic factors (e.g. Veenhonen, 1991; Veenhonen and Ehrhardt, 1995), cultural factors (e.g. Hui, Yee, & Eastman, 1995; Arrindell et al., 1997), or both (e.g. Van de Vliert & Janssen, 2002) are related to job satisfaction. For example, studies show that employees from poorer countries tend to put more weight on extrinsic job characteristics than employees in richer countries (Inglehart, 1997). Since this has direct implication on policy makers, it is recommended that future research take both socio-economic and cultural factors into account.

Moreover, the fact that Omanis are less satisfied with their jobs raises concerns over the implications of this on work outcomes, particularly on absenteeism, job performance, and turnover. This is especially important since research has established a direct causal relationship between job dissatisfaction and turnover. Although higher turnover rates and absenteeism have been recorded in Oman, it is unclear whether they stem from job dissatisfaction. As such, it is recommended that future research explores this issue further.

7.3 Differences in perceptions of Organizational Justice

The findings also show that there are no significant differences in organizational justice perceptions between Omani and expatriates employees. However, since research shows that the perceptions of organizational justice are influenced by national culture (e.g. Brockner *et al.*, 2000, 2001; Fischer and Smith, 2003) it is recommended that future

research take this into account. Further, it is also recommended that future research incorporates interactional and informational justice.

Future research should also consider whether differences in work perceptions exist between Omani employees in the public and private sectors. Finally, future research should also explore whether there are differences in work attitudes between Omani and other GCC national employees.

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