

The Influence of Organizational Culture on Job Satisfaction and Turnover Intention in Oil Companies in Libya

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Abstract—The main aim of this study is to test and investigate the roles of job satisfaction and organizational commitment in mediating the relationship between organizational culture and turnover intention. From the aim of the study, the following specific objectives have been derived: To plot the cultural profile of national oil companies (NOC) and international oil companies (IOC) by identifying the dominant organizational culture types in each category. To determine the extent to which job satisfaction and organizational commitment influence turnover intention among employees of NOC and IOC. To determine the extent to which organizational culture influences job satisfaction and organizational commitment among employees of Libyan Oil Companies. To investigate the extent to which job satisfaction and organizational commitment mediate the relationship between organizational culture and turnover intention. The findings of this study will make significant contributions to the fields of organizational and employee behavior. Moreover, this study contributes to theoretical knowledge on the influence of organizational culture on turnover intention. Furthermore, the majority of research into organizational culture, job satisfaction, organizational commitment, and turnover intention will be conducted in Anglo- American context. Taking into consideration the ever-increasing globalization of business, there is a greater need to broaden the study of organizationally important phenomena beyond the cultural boundaries of Anglo-American countries. The choice of NOC and IOC in Libya for this study is motivated by lack of studies on the influence of organizational culture on the two variables of job satisfaction, organizational commitment and turnover intention. The choice of NOC and IOC for this study is also important because it is an Islamic country in the North Africa and Middle East with different economic, social, religious, and cultural values compared to the Anglo-American countries. These differences may lead to different implications on relationships between organizational culture, job satisfaction, organizational commitment, and turnover intention. Thus, it is hoped to make several contributions to the body of research on these organizational elements in Libya.

Keywords—Employee Turnover, national oil companies, international oil companies, Maslow's theory

I. INTRODUCTION

At the time of independence, Libya possessed few minerals in quantities sufficient for commercial use, although iron ore

was subsequently found in the south-central part the country. In turn, because of the absence of coal and hydroelectric power, the country had little energy potential. In the modern sense, Libya had practically no industry and, given the limitation of the agricultural sector, could produce few exports to be exchanged for the import commodities the country needed. At independence, illiteracy was widespread, the level of skill was low and technical and management expertise and organization were at a premium (the lack of sufficient numbers of skilled Libyans in the labor force remained a problem in the 1970's. Despite large sums of money having been spent on training Libyans, the government still relied on foreign workers). A large part of national life was lived under nomadic or semi-nomadic, rather than settled, conditions and the high birth-rate added to the country's poverty. The rapid population increase strained the agricultural economy and resulted in the drift of excess unskilled laborers to urban centers, but these centers, also lacked sufficient adequately-paid employment. In term of resources, including human resources, the outlook at independence was bleak.

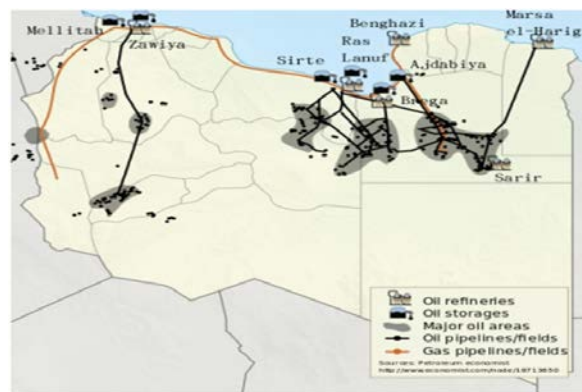


Fig. 1. Major oil and gas fields and infrastructure in Libya

The proposed thesis is planned to explore the influence of organizational culture types (clan, adhocracy, market and hierarchy) on job satisfaction, organizational commitment and employee turnover intention of the oil companies in Libya. The main objectives of the thesis are:

1. to examine the applicability of Quinn and Rohrbaugh's Competing Values Framework of organizational culture to the Libyan context
2. to plot the cultural profile of Libyan banks by identifying their dominant organizational culture types;
3. to determine the extent to which organizational culture influences job satisfaction and organizational commitment among employees of Libyan oil companies;
4. to investigate the roles of job satisfaction and organizational commitment in mediating the relationship between organizational culture and employee turnover intention; and
5. to determine the extent to which job satisfaction and organizational commitment influence turnover intention among employees of Libyan oil companies.

The data for the thesis will be gathered by using questionnaires from the targeted employees and it will be categorized into two different types of Libyan oil companies: (1) NOC (National Oil Companies); (2) IOC (International Oil Companies), based on differences in oil companies practices and foundations in Libya. The data will draw from Libyan oil companies operating in Tripoli, the capital city of Libya, which is also the largest city. The obtained data will be analyzed by using the Statistical Package for the Social Sciences (SPSS) by means of correlation and regression analyses.

The findings from this study will be providing to the scholars and practitioners with valuable information. The research thesis will contribute to organizational culture theory, and the studies to establish a distinction between NOC and IOC in terms of affecting employee behaviors. It will be the empirical studies to investigate the mediating role of job satisfaction and organizational commitment between organizational culture and turnover intention.

II. DISCUSSION

The results of this study may also help managers who wish to decrease employees' turnover. Given the need for management to recognize the impact of organizational culture on employee-related variables in today's competitive world, this study will help NOC and IOC and financial institutions to assess and build the appropriate organizational culture that entails the highest levels of job satisfaction and organizational commitment and the lowest levels of turnover intention .

This section will present a detailed discussion of the research design and the methodology to be used to test the conceptual framework and its hypotheses . This section will describe the research design and the methods used to statistically test the hypothesized relationships developed in section 2. Development of the research instrument will be described. Translation of the research instrument, the questionnaire which was distributed to validate the proposed conceptual framework, and the population and sample size used in the study will be discussed. The section will be concluded by an exposition of the different statistical techniques used in the analysis. Accordingly, explanation of the process of data preparation. The primary focus was upon

the appropriateness of the obtained data in relation to data analysis. The section also will outline the procedures undertaken to examine construct validity and reliability using EFA and CFA. The section will reveal that most of the constructs measure what they intend to measure and display good psychometric properties except regarding some components of job satisfaction and organizational commitment. The chapter concluded with changes in some relationships already hypothesized to reflect the results of reliability and validity assessment. the results of the statistical analyses that are used to test the hypotheses.

III. JOB SATISFACTION

Before you begin to format your paper, first write and save organizational culture has a profound influence on several key organizational variables [1]. Also, the literature suggests that organizational culture affects individual attitudes and behaviors [2-3]. One of these main individual attitudes and behaviors is job satisfaction which was shown to be directly impacted by organizational culture [4].

Job satisfaction is one of the most widely studied concepts in the organizational behavior field, as it has been identified as a key job attitude related to the quality of the working context in any organization. It has been linked to important organizational variables, such as productivity, absenteeism, and turnover [6]. The literature points out to Taylor's scientific study in 1911 that explored employees' satisfaction and motivation as the starting point in studying the concept of job satisfaction [7]. Nevertheless, Taylor is considered the father of what is known as the Scientific Management which emphasized that economic needs motivate individuals to increase productivity. The core idea of the Hawthorne studies 1924 is that the human element is the most valuable resource in any organization. Rather than focusing on personal economic needs to motivate individuals, the Hawthorne studies focused on the impact of the physical and operational work environment on employees' job satisfaction and productivity [8]. This section aims at exploring the various definitions and meanings of job satisfaction, to be followed by a review of the major theories of job satisfaction.

A. *The Meaning of Job Satisfaction*

Scholars have defined the term "job satisfaction" in various ways based on their different points of view. Therefore, it is hard to that there is an ideal definition that can be used by all researchers. However, it can be argued that most of these different definitions of job satisfaction share two common themes.

The first theme is related to the conditions or elements that contribute to increasing the feeling of happiness or satisfaction. For example, one of the earliest definitions following this theme was presented by Hoppock [9] who defined job satisfaction as "Any combination of psychological, physiological, and environmental circumstances that cause a person to say, I am satisfied with my job". Porter and Lawler [10] defined job satisfaction as "the extent to which rewards actually received meet or exceed the received equitable level of rewards. The greater the failure of actual rewards to meet or

exceed perceived equable reward, the more dissatisfied a person is considered to be in a given situation". In [11] the author defined the concept of job satisfaction as "the degree of fit between organizational demands and individual needs, and that the employee's satisfaction with his job and the employer's satisfaction with his job and with work performance will only be high when this fit is a good one".

In [12] the author defined the states that "job satisfaction is the emotional reaction to work experience". In [13] job satisfaction is defined as "the feelings a worker has about his job which are associated with perceived difference between what is expected as a fair and reasonable return and what is experienced, in relation to the alternatives available in a given situation". Finally, job is defined satisfaction as "an attitudinal variable that reflects how people feel about their jobs overall as well as about various aspects of them".

B. Content Theories

The content theories seek to investigate the factors that control and organize human behavior. In [7] the author suggests that the content theories "focus primarily on individual needs – physiological or psychological deficiencies that we feel a compulsion to reduce or eliminate. Consequently, they are often regarded as static theories because "they look at only one point in time and do not predict behavior". Therefore, their use is limited to understanding the factors that motivate people in their working environment.

Scholars in organizational behavior have proposed many content theories. Although there are a number of content theories in this area, this section will mainly concentrate on three of the most know in this area of job satisfaction. These theories are Maslow's Need Hierarchy, Alderfer's ERG Theory, and Herzberg's Two Factor Theory.

Maslow's Need Hierarchy: Maslow synthesized this large body of research and concluded that fulfillment of human needs in necessary for both physical and psychological health. This means that a need affects human behavior until it is satisfied. Maslow arranged human needs in a hierarchy that include physical, social, and psychological needs. He observed that these needs can be arranged based on their importance to the individual. Those unmet needs act as a motivator. Once one of these needs has been satisfied, it will not act as a motivator and the individual will move to satisfy the next higher need in the hierarchy. Fig. 2. Illustrates Maslow's Hierarchy of Needs.



Fig. 2. Maslow's Hierarchy of Needs

According to this theory, individuals will go through a cycle of activities of satisfying unmet needs until the highest order of needs is reached. The lowest level of physiological needs consists of the physical necessities for survival, such as food, water, an air. The second level includes the safety needs, such as security and protection. The third level constitutes social needs like love. The fourth level consists of esteem needs, such as self-respect. The fifth and highest level refers to reaching one's potential and achievement. The ERG theory developed by Alderfer which is considered an extension to Maslow's theory of Hierarchy of Needs. Alderfer provided an alternative to Maslow's theory which is based on five need levels. In the ERG theory, Alderfer argues that these five levels of needs could be based on a three-dimensional conceptualization of human needs, namely existence, relatedness, and growth. By developing the ERG theory, Alderfer argued that the five need categories in Maslow's theory could be incorporated into three main categories, being "Existence", "Relatedness", and "Growth". The name of the ERG theory is derived from the first letters of these three categories.

Existence needs include objects that address physiological necessities for survival, such as water, as well as those basic material basic material needs or desires, such as salary. Relatedness needs resemble Maslow's social needs including relationships with family members, friends and co-workers. The third category is the growth needs which involve productivity or creativity on the individual or work environment levels. The three categories of needs are shown in the following diagram.

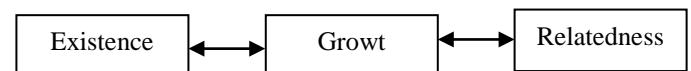


Fig. 3. Need Categories in ERG Theory Source: Spector (2003)

Alderfer arranged these categories of needs on a continuum based on their concreteness. For example, the existence needs are the most concrete among the ERG model because they involve physical objects [12]. Relatedness needs come second in this order because they do not have physical

objects. On the contrary to Maslow's Hierarchy of Needs theory, Alderfer's model does not restrict the flow between these needs. For example, when an existence need is satisfied, the individual has less a lessened tendency for that need and a greater desire for the less concrete need of relatedness. Hence, the ERG theory does not assume lower-level satisfaction as a requirement to move to the next level [13].

Herzberg Two-Factor Theory: Frederick Herzberg and his colleagues proposed the "Two-Factor Theory" in 1957. The theory, also known as "the Motivator-Hygiene Theory" was first published in Herzberg's book "The Motivation to Work" which was built on Maslow's observations. Herzberg distilled these observations into a more straightforward "Two-Factor Theory" [11]. Herzberg developed his Two Factor theory by studying 200 accountants and engineers in Pittsburgh. The aim of this study was to identify the factors which make workers dissatisfied and isolate them from those factors that bring about satisfaction. Participants were asked two questions:

When did you feel particularly good about your job?

When did you feel exceptionally bad about your job?

After analyzing the responses, Herzberg and his colleagues found that two sets of factors emerged. The first set related to job aspects associated with job satisfaction, while the other related to those associated with job dissatisfaction. Herzberg labelled those associated with job satisfaction motivators, and those associated with job dissatisfaction labelled as hygiene factors. Hygiene factors include security, supervision, pay, co-workers, and policies. Motivator factors consist of job aspect relevant to growth needs, such as responsibility, recognition, and achievement. By separating these two factors, Herzberg argued that job satisfaction is a distinct construct from job dissatisfaction. Therefore, removing the hygiene factors do not necessarily lead to job satisfaction. Herzberg argued that there is a dual continuum. Murugan [14] explained it as the opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dissatisfaction is no dissatisfaction'.

C. Process Theories

The content theories described above have been widely criticized for being static a descriptive, and being lacking for empirical support (Bowen, Cattell, Distiller, & Edwards, 2008). They focus on how individual behavior is energized, directed, maintained, and stopped. This section examines two of the most prominent and widely known process theories: expectancy theory and equity theory.

Expectancy Theory: The Expectancy Theory stems from the much earlier work of Edward Tolman in 1932, who promoted the idea that the relationship between stimulus and response is mediated by unobservable variables or cognitions. However, it was not until the 1960s when Vroom developed what has been called the "Expectancy Theory" which views motivation as a meta-mathematical function of three types of cognitions.

The theory explains that motivation is a conscious process, and individuals choose which activities to put their effort into to achieve desired outcomes. Thus, human behavior towards motivation is shaped by preference and possibility of the

desired outcomes. Consequently, individuals will be motivated when they believe their behavior will result in outcomes or rewards they value.

Expectancy Theory is based on a combination of three conditions, namely instrumentality, valence, and expectancy. Instrumentality refers to the belief held by an individual that a given behavior will result in a desired outcome. Valence is the value of this outcome as seen by the individual. Expectancy is about the likelihood or subjective probability that an individual has about his/her ability to perform a given behavior [15].

Equity Theory: The way that individuals measure justice and fairness is at the heart of equity theory. This theory is usually applied in work contexts to explain how an individual's motivation is influenced by his/her perception of how fairly he/she is treated in social exchanges at work. Different equity theorists argue that individuals at work must be rewarded according to their actual contribution, implying that those who contribute more at work deserve to have more rewards or privileges than those who contribute less.

In his seminal work entitled "Inequity in Social Exchange", Adams posited that "inequity occurs when a person thinks that the ratio of his outcomes to inputs and the ratio of others outcomes to others inputs are unequal". Consequently, equity takes place when an individual's outcome to input ratio equals another's outcome to input. Output refer to rewards, privileges, or anything of personal value that an individual gets from his/her job, such as pay, fringe benefits, training, and status. On the other hand, the individual characteristics brought by an individual to the job, include skills, experience, and the work itself

D. Definition of Terms

- 1 **Culture:** "The belief systems and value orientations that influence customs, norms, practices, and social institutions, including psychological processes (language, care taking practices, media, educational systems) and organizations..
- 2 **Organizational Culture:** "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members of the organization as the correct way to perceive, think, and feel in relation to those problems"
- 3 **Job satisfaction:** "An attitudinal variable that reflects how people feel about their jobs overall as well as about various aspects of them"
- 4 **Organizational commitment:** "A multidimensional psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue membership in the organization"
- 5 **Turnover intention:** "The intention to voluntarily change companies or to leave the labor market altogether"

IV. CONCLUSIONS

This research, through a series of EFA and CFA, presented sufficient evidence that the CVF and its instrument, the OCAI, are valid and enjoy psychometric properties in Libya settings similar to those reported in other previous studies in Western settings. This indicates that they are sound psychometric and multicultural measures and can be used in assessing the organizational culture. The study also has shown that the relationships between job satisfaction and organizational commitment and turnover intention in a Libya Arabian context are largely consistent with what has been found in studies from Western countries. Such consistency suggests that employees in developed and developing countries are quite similar in relation to the factors that motivate them to stay in their organizations, and therefore points at the generalizability of the theories of job satisfaction, organizational commitment and turnover intention which were developed and tested in Western contexts and applied to the Libya context. Cultural differences, however, may have contributed to some conflicting findings in 226 terms of the influence of some types of organizational culture on these important aspects of human activity within organizations. Types of organizational culture, such as market and hierarchy culture, have been shown to have an unanticipated influence on job satisfaction and organizational commitment leaving a gap for future researchers to fill. In conclusion it is clear that some types of organizational culture, in interaction with the mediating variables of job satisfaction and organizational commitment, could influence turnover intentions.

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