

Case study of sabah credit corporation



**ASSIGN
BUSTER**

Organization is turning into a more complex and dynamic form. In an organization, workforce diversity is a matter that is complicated to be managed on. The importance of workforce diversity management cannot be ignored as diversity creates success in the labour market, thus, will improve the organizational effectiveness (Jain and Verma, 1996). A good organization will make the most out of the differences of a diverse workforce, as it will assist the organization to be more efficient and effective.

Usually, the most salient attribute of an organization will make the organization to appear as heterogeneous or homogeneous (Williams and O'Reilly, 1998). According to Webber and Donahue (2001), there are two categories of attributes of workforce diversity. The first category is the high job-related diversity, such as education level, while another category is the less job-related diversity, such as age and gender.

So, in this study, the researchers focused on one of the less job-related diversity, specifically age, and its influence towards the organizational effectiveness. Despite age diversity has become one of the main interests in the organizational matters, still, there is a shortage of study conducted on it (Lawrence, 1996).

Nowadays, people are retiring later than they used to, causing a dramatic increase of older employees in the workforce (Kanfer and Ackerman, 2004). For the first time ever, the employees consist of four generations, which are the veterans, the baby boomers, the generation X, and the generation Y, where each of them brings its own unique attributes to an organization (Goessl, 2009). Another reason of age diversity is the extended lifespan,

most likely because of improved welfare during the last century (Greller, 1997).

Problem Statement

Nowadays age diversity becomes an issue in the organizations. Based on the literature review and researchers preliminary observation, the study outline several assumptions such as, senior workers normally had lower respect towards junior workers. This issue occur because senior workers had more experience compared with junior workers that still fresh and ought to learn more from them. It usually create barrier to communicate in order to produce an output for the organization. The second assumption is senior workers are possess more experience compare with junior workers. Senior workers experience that they had work for a long time and being exposed to the various problems regarding the organization, they also extremely loyal to the organization compared with junior workers.

The third assumption is senior workers dissatisfied with the junior workers promoted in the organization. When junior workers promoted earlier compare with senior workers it will create dissatisfaction and problems like bullying, tension, less commitment, take time to reach decision, absenteeism and layoff of senior workers in the organization. The next assumption of this study is senior workers are less productive compare with juniors. This issue happen because different age had different attitude and health condition. Means, the stamina of senior workers may not strong as junior workers. Thus, the productivity will decrease along with their age in the organization.

The fifth assumption is junior workers are more effective compare with senior workers. Junior workers take their responsibility seriously compare with senior workers. This issue take place due to the high awareness and attitude of the junior workers compare with senior workers. The last assumption is junior workers more adaptable compare with senior workers. Problem occur when senior workers are not interested in learning new skill compare with the junior workers that are quickly adopt any changes in organization. In short, senior workers resist changing because they feel comfortable with their current position and activity in the organization. While, junior workers desire to try something new and they willing to change for their own shake in the organization. A survey indicates that the lower adaptability to technical change is the most common reason French employers state for not employing people over the age of 50 (Monso and Tomasini, 2003).

Research Objective

To study level of respect among senior workers towards junior workers in the organization

To verify level of experience between senior workers and junior workers

To determine dissatisfaction of senior workers towards promotion of junior workers in agency

To examine the productivity of senior and junior worker in the organization

To determine the effectiveness between senior and junior workers

To study the adaptability among senior and junior workers in their organization

Research questions

1. 4. 1 What is the level of respect between senior workers and junior workers in SCC?

What are the experience gaps between senior workers and junior workers at SCC?

What are the effects of senior workers dissatisfaction on junior workers promoted in SCC?

What is the level of productivity between senior workers and junior workers?

What is the level of effectiveness among senior workers and junior workers in SCC?

What are the differences between senior workers and junior workers in term of adaptability?

1. 5 Scope of the Study

1. 5. 1 Area

The study will be conducted in Sabah Credit Corporation, Dongongon, Kota Kinabalu Sabah. Decision to select Sabah Credit Corporation was made due to the ease of access when the researchers went there for an academic visit last year. This company had collaborated with us and they become a sample for the Industrial Relations subject and this organization initiate suitable for this study after an observation had been made.

1. 5. 2 Time Frame

The study will begin in September 2011 to December 2011.

1. 5. 3 Subjects

The subjects would be all the 186 employees of the Sabah Credit Corporation, Dongongon, Kota Kinabalu.

1. 6 Definition of Terms / Concept

1. 6. 1 Diversity

According to the Mannix and Neale (2005), “ diversity” can be defined as a variety in which things differ, which is used to describe a group composition, based on the characteristics of its members. Yet, according to the Heneman et al. (1996), by defining diversity to be the multiplicity of characteristics, the definition is risked to be too broad and it could be meaningless.

1. 6. 2 Heterogeneity and homogeneity

The term of “ diversity” is related with terms of “ heterogeneity” or “ homogeneity”. A more diverse organization could be considered as heterogeneous, while a less diverse organization could be considered as homogeneous.

1. 6. 3 Age Diversity

1. 6. 4 Senior and Junior

CHAPTER 2

LITERATURE REVIEW & CONCEPTUAL FRAMEWORK

2. 1 Literature Review

This chapter provides a review of the literature on age diversity and also the conceptual framework of the study.

2. 1. 1 Introduction

In the workplace, increase in diversity is a trend that occurred due the current demographic developments, increasingly globalized markets, greater mobility, and laws aimed at furthering fairness in hiring practices (Triandis et al., 1994). Diversity could be the organization asset, rather than a liability of the organization (Amabile, 1994; Gruenfeld et al., 1996; Jackson, 1992).

Under certain circumstances, heterogeneous organization can perform equally well as or better than homogeneous organization (Cox et al., 1991; Watson, 1993), while some studies indicated that heterogeneity often affect organization processes and performance negatively (Guzzo and Dickson, 1996; Jehn et al., 1999; Riordan and Shore, 1997).

2. 1. 2 Age Diversity

Together with the phenomenon of aging workforce, there is an interest to understand intergenerational relationships within organizations (Tsui et al., 1995). However, most age diversity studies focused on the top management, where the age diversity is limited (Knight et al., 1999). Other than that, the

researchers also found that the findings from age diversity studies were somehow not consistent.

Most age diversity studies indicated that age diversity was related with conflict. A study by Jackson et al. (1991) stated that there is a significant relationship between age diversity and the outcomes resulted from the conflict, like turnover. The employees from different ages may face problem to work together with others, as they had different attitude and experience. Other than that, employees who are considered as more matured, more experienced and older, often portrayed as wanting different things from work than the younger employees (Conger, 1998; Kanfer and Ackerman, 2004). Similar findings were also found on the studies conducted by Jehn et al. (1999) and Pelled et al. (1999). Yet, another study stated a contradictory finding, as by having greater age diversity, there is less emotional conflict experienced by the employees (Pelled et al., 1999). The reason was that individuals from similar age group may form rivalries and compete for the role to become the team “ leader”.

Other than that, several studies also indicated that the increase of age diversity will lead to less discrimination, as a result of familiarization to older workers (Chiu et al., 2001; Finkelstein et al., 1995; Hassell and Perrewe, 1995). Since somehow it is a must to collaborate with others despite of having different age groups, a study had suggested that the manager should try to coordinate the employees, as different age groups have different values (Wagner, 2007).

2. 1. 3 Productivity

Studies by Pelled et al. (1999) and Kilduff et al. (2000) concluded that age heterogeneity affected overall productivity positively. Yet, most studies found concluded otherwise.

However, Hamilton et al. (2003) indicated that higher age diversity will mean less productivity. Three reasons stated for the less productivity were lacks of knowledge transfer, less peer pressure as the result of weaker social ties and discrimination. It is supported by another study of Grund and Westergard-Nielsen (2005), where organization with a very homogenous or a very heterogeneous age groups have less productivity than organization that consists of lower age diversity.

Lazear (1979) had also suggested a reason for lacks of productivity in an organization with higher age diversity. As an offering for career incentives, often, the juniors are paid below their marginal productivity, while the seniors with long tenure are paid above their marginal productivity. Thus, the question arose whether such determined wages according to age groups will affect the productivity of the employees.

Other than that, productivity may also be influenced by behaviour. Older employees are less willing to take risks (Nelson, 2002). Older employees also took more time to reach decisions (Hambrick et al., 1996). Besides that, older employees are also less willing to learn, and having less interest to work hard and competing (OECD, 2006).

2. 1. 4 Innovativeness

Many organizations rely on teams to generate necessary innovations to increase organization competitiveness (Nohria and Garcia-Pont, 1991). Enhancing innovation is one of the key challenges that organization must face to sustained growth and success (Christensen and Raynor, 2003; Lovelace et al., 2001). Diversity started to be indicated as a means to enhance innovation (Ancona and Caldwell, 1992; Bantel and Jackson, 1989). Diversity increases the potential of the organization to be more innovative, as the result of increased pool of knowledge, skills and perspectives among employees. Other than that, diversity helps to avoid pitfalls such as “groupthink”, thus, diversity should affected innovativeness positively (Janis, 1982).

2. 1. 5 Adaptability

According to Bogner and Barr (2000), higher diversity leads to greater adaptability in the hypercompetitive environments. Other than that, Morrison (1992) also indicated that organizations with higher diversity in their customer base are most likely to meet the customers’ needs and anticipate changes in better.

2. 1. 6 Commitment

Age diversity also linked with the employees’ commitment. Collective goal commitment is defined as a joint obligation for shared goals and activities (Gilbert, 1997). Goal commitment is necessary, as a goal only has an impact on performance when it is accepted by the employees (Earley and Shalley, 1991). The relationships within among employees will affect the determination to reach shared goals.

The employees have to build and maintain positive relationships among them. According to (Brucha, 2006), the higher age diversity would mean the lower goal commitment, as age diversity diminishes goal commitment. Thus, similarity of employees' age will affect commitment positively, while higher age diversity will not.

According to numerous empirical findings, members of demographically diverse groups display less commitment to their organizations (Harrison et al., 1998; Tsui et al., 1992). They also missed from work more often (O'Reilly et al., 1989; Wagner et al., 1984).

Conceptual / Theoretical Framework

Adaptability

Commitment

Innovativeness

Productivity

Age

Diversity

The researchers' first theory is age diversity is influencing adaptability.

The researchers' second theory is age diversity is influencing commitment.

The researchers' third theory is age diversity is affecting innovativeness.

The researchers' fourth theory is age diversity is affecting productivity.

CHAPTER 3

RESEARCH METHODOLOGY

Research Design

This research is a study of age diversity at the workplace. Hence, this research will be conducted using questionnaire that will be distributed to the Sabah Credit employees.

Sample Size

The researchers will not do any sampling, since all employees of Sabah Credit will be taken as the respondents.

Unit of Analysis

The unit of analysis in this research is in individual unit or per person, which means, each questionnaire will be given to every respondent. The researchers are responsible to distribute the questionnaire to each person and not per group.

Sampling Technique

The researchers will not do any sampling technique, the whole population of Sabah Credit employees will be taken as the respondents.

Instrument

The instrument that will be used in this research is questionnaire. It will be developed by the researchers themselves to make it more suitable for the research settings. It will be divided into two parts, which the researchers will categorize as Part A and Part B.

Firstly, for Part A questions, the researchers will request for several information on respondents profile and background, especially the age range of the respondents. The measurement that will be used is Category Scale, which only required the respondents to tick on the box that suits them the best.

For Part B questions, the researchers will include questions to examine the respondents' adaptability, commitment, innovation and productivity. For this category, Likert Scale will be used for the measurement to ease the respondents as they only have to rate their answers.

Data Collection

Primary Data

The researchers will collect primary data from the respondents by using questionnaires about their personal background and their commitment, adaptability, innovation and productivity.

Secondary Data

The researchers will gather the secondary data from Sabah Credit Corp. website, especially about their history and employment matters.

Data Analysis

In this research, the researchers will use descriptive analysis that will be carried out using SPSS software. In analyzing results later, the researchers will emphasize more on the correlation of the data.