

**THE INFLUENCE OF JOB INSECURITY AND
AFFECTIVE COMMITMENT ON EMPLOYEES'
INTENTION TO LEAVE**

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by

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PENGARUH KETIDAKJAMINAN PEKERJAAN KOMITMEN EFEKTIF TERHADAP NIAT UNTUK BERHENTI DALAM KALANGAN PEKERJA

ABSTRAK

Kajian ini bertujuan untuk mengkaji pengaruh ketidakjaminan pekerjaan komitmen efektif terhadap perilaku niat pekerja meninggalkan pekerjaan mereka dalam di sektor minyak dan gas Malaysia. Setiap komponen didalam kognitif (ketidakamanan pekerjaan), afektif (komitmen organisasi), tingkah laku (niat pekerja untuk meninggalkan) serta hubungan pertengahan (jenis-jenis tindak balas pekerja) telah diterokai untuk mengkaji hubungan pekerja ke arah perilaku niat untuk keluar.dari pekerjaan mereka. Kaji selidik itu disertai oleh 215 responden kolar putih yang bekerja di pelbagai jabatan dalam sektor minyak dan gas di Malaysia. Pada asasnya, rangka kerja penyelidikan ini telah dibina secara eksklusif daripada model kognitif, afektif dan tingkah laku. Data yang dikumpul telah diedarkan melalui kaedah pengedaran dalam talian dan luar talian seperti “Borang Google”, E-mel dan pengedaran secara bersemuka. Hasil kajian telah dianalisis dan diperiksa melalui perisian statistik Smart PLS. Hasilnya menggambarkan bahawa semua komponen dalam pembolehubah mempunyai hubungan yang penting terhadap perilaku niat pekerja untuk meninggalkan pekerjaan mereka. Komponen afektif yang merupakan komitmen organisasi wajar menjadi pengantara hubungan antara komponen kognitif (ketidakjaminan pekerjaan) dan komponen tingkah laku (perilaku niat untuk meninggalkan). Manakala, komponen hubungan pertengahan iaitu sinis, takut, berharap membuktikan perhubungan mereka apabila nilai t masing-masing menunjukkan 2.246, 2.166, 2.188 dan 2.178. Kajian ini penting dan ia boleh

membantu sektor industri minyak dan gas untuk mengekalkan pekerjaanya secara serentak membantu sektor itu terus berdaya saing dalam industri.

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THE INFLUENCE OF JOB INSECURITY AND AFFECTIVE COMMITMENT ON EMPLOYEES' INTENTION TO LEAVE

ABSTRACT

The purpose of this research is to investigate the component of cognitive, affective, and behavior towards employee intention leave in oil and gas sector in Malaysia. All components in each variable which is cognitive (job insecurity), affective (organizational commitment), behavior (intention to leave) as well as moderator (archetypes of employee responses) have been explored in order to examine the relationship towards intention to leave. The survey was participated by 215 white collar respondents who works in various departments in oil and gas sector in Malaysia. Essentially, this research framework has been built exclusively from cognitive, affective and behavioral model. The data collected have been distributed through online and offline distribution method like Google Form, Email and face to face distribution. The result has been analyzed and examined through Smart PLS statistical tools. The outcomes portray that all components in the variable were significantly related to intention to leave. Affective components which is organizational commitment was justified to mediate the relationship between cognitive components (job insecurity) and behavioral component (intention to leave). The moderators components which is cynical, fearful, hopeful and obliging do moderates the relationship between job insecurity and organizational commitment with t value of 2.246, 2.166, 2.188 and 2.178 respectively. This study is significant and it may assist the oil and gas industry sector to retain its employees simultaneously helping the sector to remain competitive in the industry.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter provides an overview of the background of the study, the problem statement, research objectives and questions, the scope of the study and the research significance of the study. Definitions of key terms are also given at the end of this chapter.

1.1 Background of study

Today, Malaysia is the second-largest oil producer in Southeast Asia and the world's third largest exporter of liquefied natural gas (LNG) (www.petronas.com,2022). At the end of 2020, the country held proved oil reserves of 2.7 billion barrels and natural gas deposits totalling 32.1 trillion cubic feet. Malaysia oil and gas reserves, located mainly offshore in the South China Sea, near the coasts of the states of Kelantan, Terengganu, Sarawak, and Sabah (www.petronas.com,2022).

Since its inception, Petronas has held exclusive ownership rights over all oil and natural gas exploration and production activities in the country. Among the prominent international oil production companies currently operating in Malaysia are Shell, ExxonMobil, and ConocoPhillips. According to data compiled by the US Energy Information Administration (EIA), in 2020, the country's total liquid fuel production was close to 655,000 barrels per day (b/d), of which about 556,000 b/d was estimated to be crude oil and 49,000 b/d was natural gas plant liquids (Petronas Outlook Report, 2022).

Since the 1970s, and especially after the formation of Petronas, Malaysia's fuel have remained fairly steady. This has formed a key part of Malaysia's export basket and has constituted a reliable source of foreign exchange. However, fuel exports have dipped during times of oil price slumps due to unfavorable external conditions (Petronas Outlook Report, 2022). For instance, sharp drops were observed during the mid-1980s oil glut, the 1997-98 Asian Financial Crisis (AFC), the 2014-16 oil price crash, and the 2020 COVID-19 pandemic (Petronas Outlook Report, 2022).

At present, Malaysia is home to approximately 4,000 O&G businesses, including domestic and international oil companies, independents, and services and manufacturing firms(www.petronas.com,2022). This has facilitated the formation of an extensive network of Machinery and Equipment (M&E) manufacturers that supports key strategic segments such as marine, drilling, engineering, fabrication, offshore installation, and operations and maintenance (O&M) (www.petronas.com,2022). Collectively, they provide employment to an estimated 59,000 individuals across upstream, midstream and downstream activities in the O&G value chain.

While the O&G sector, together with its substantial derivatives, has undeniably benefited Malaysia, going forward, there are considerable challenges facing it(www.petronas.com,2022). The first concerns the overall contribution of the sector to the country's economy. The proportion of Malaysia's fuel exports has remained quite stable for a long time and, in fact, the absolute value of crude oil exported has been going up in recent years(www.petronas.com,2022). However, the inescapable reality is that the O&G sector's importance relative to the size of the Malaysian economy has taken a hit as the latter has grown consistently and rapidly

and the abovementioned challenges, along with the ongoing COVID-19 crisis, do not bode well for the state-owned entity's growth prospects and employee might as well affected from it (www.petronas.com,2022).

Employees are affected from the complication of the firm's financial viability when oil and gas sector start to invest on technology and securing additional deposits overseas (www.petronas.com,2022). To this end, in recent years the corporation has invested in research and operations in such locations as Argentina, Brazil, Mexico, Vietnam, and Japan .Moreover, once crude oil production in Malaysia peaks and demand reaches a ceiling, which is expected to take place in 2025, Petronas will be forced to embrace cleaner energy alternatives and make a greater commitment to decarbonisation and sustainability (www.petronas.com,2022).The shift and acquisition of new businesses could limit the company's earnings , at least in the short run (www.petronas.com,2022).

Even though the government push to prioritise local entrepreneurs and companies, it does not come without its share of costs (Global Energy Talent Index Report, 2022). The reduced level of competition for domestic players has, many a time, manifested itself in the form of complacent policies and inefficient performance which also affected high numbers of workers in oil and gas sector (Global Energy Talent Index Report, 2022).

It is not just the smaller firms that have faltered. Petronas, too, recently struggling with less profit as compared to previous years. In this regard, one cannot ignore the fact that, even though Malaysia is known as one of the oil producer country, it is tough to remain the top rank (www.petronas.com,2022). Malaysia top oil and gas business which is PETRONAS slip the ranking from 68th spot in 2015 to 277th position in 2021 (Global Energy Talent Index Report, 2022).

With all the concerns on what have been faced by the oil and gas sector and industry entirely, it could be assumed that the struggling organization may also face the challenges of having shortages of employees when employees starting to feel the intention to leave which might be derived from their insecurities in the industry (Global Energy Talent Index Report, 2022).

Job insecurity can be defined as inability to remain continuity on the desired job in the organization during pressuring job environment (Marques, Galende, Cruz & Ferreira, 2014; Basyouni & Keshky, 2021). The employees who survived from termination during those surviving periods witness the moments of their colleagues who chose to leave the organization either voluntarily or involuntarily (www.gdsdigital.com, 2018). According to Alghamdi, (2018); Sora, Caballer and Peiró,(2010), employees who remain in the organization after witnessing colleagues involved in such activities may feel bigger insecurities towards their job.

Employee who survived from the termination may have feel insecure towards the organization as for instance, the employees may assume that they can be terminated from the organization anytime and it may contribute to low organizational commitment which may eventually encourage for their intention to leave (Musawer, Amarkil,& Laiq, 2021).

The intention to leave will direct the individual towards the behavior of leaving the company(Musawer et al, 2021). This intention provides positive or negative implications, depending on who leaves the company. The company might not get affected if the employees that opt to leave is having a mismatch of skills with the job position (Sadaqa, Keshky & Sayed (2021). However, it may become a challenge if the employees are the top employees in the organization (Sadaqa, Keshky & Sayed 2021; Schabracq & Cooper, 2000).

The oil and gas industry's strategy that intend to remain its efficiency in the industry may intricate employees cognitive, affective and behavioral feelings towards the organization (Sadaqa, Keshky & Sayed 2021; Schabracq & Cooper, 2000). If an employee intention to leave is dominating employees feeling, it will no longer create a healthy environment in the oil and gas industry (Musawer, 2021), especially in Malaysia.

1.2 Problem Statement

Intention to leave among employees in oil and gas sector is tapered in the current era. It derives from the insecurity when the employees feel no longer secure on their position inside the organization. This intention to leave might leave a negative impact to the industry, especially when the industry has a lack of talent in its industry. In the latest news reported from New Straits Time, (2022), pertaining to the issues of employees in oil and gas industry as for instance how Malaysia oil and gas sector could retain its employees after all the crisis that happen in the market. For example, plunging oil prices and covid-19 pandemic (www.nst.com.my,2022). The reason organization is worry about this is because, the oil and gas industry has been facing challenges since the global economy was hit by one of the largest oil price declines back in mid-2014. Employer starting to contend with its employees leaving the oil and gas industry to other industries for better opportunity (www.newstraitstimes.my,2022).

Besides that, the industry was also dealt with another significant issue last year in 2020 when governments around the world imposed restrictions on economic activities and international travel, which destroyed demand and price of the oil and gas to remains low (www.newstraitstimes.my,2022). This forced companies to

review staffing costs and headcounts as they navigated the low oil price landscape, further compounding the industry's talent crisis (www.newstraitstimes.my,2022). On the same vein, the oil and gas industry claimed that they have always relied heavily on experienced foreign hires (www.newstraitstimes.my,2022). When employer relied on foreign hire, it seems like Malaysian employees were not reaching the expectation of what that have been targeted by the industry.

In addition to that, employer in oil and gas industry also highlighted on the mismatch of "employable" skills among local graduates against industry expectations as well as the need for a wider pool of experienced talent to address a brain drain of experienced Malaysian oil and gas talent to lucrative opportunities in other oil-producing countries(www.newstraitstimes.my,2022). All of these highlighted issues have developed insecurity among the employees itself when they know, the skills that they possessed is not match with their position. This is due to the reason that, their former education in the university may not providing updated syllabus for them to be marketable in the industry(www.newstraitstimes.my,2022).

In the report from Institute for Labour Market Information and Analysis 2019/2020, it suggests that occupations in the oil and gas industry are hard to fill due to the insufficient technical skills from the candidates and having an insufficient relevant job experience (www.newstraitstimes.my,2022). Furthermore, Petronas's 2018 also addressed on the significant experience gap in Drilling and Underwater Services between junior and experienced talent (www.petronas.com). The experienced talent might have better experience however, during the mid of 2014, most of the experienced workers are being laid off and those left in the organization are the juniors whom earning cheaper in the industry (www.newstraitstimes.my,2022). Hence, the intention to leave might influenced by

the feeling of job insecurity that the employees feel while they are holding their position in the industry.

In order to determine what will be the influence of employee intention to leave, cognitive, affective and behavioral model (CAB model) from Smollan, (2006) and Huang et al., (2012) are being conducted for this study. The model assumed that the employee's evaluation of the cognitive aspect will come before affective and behavioral aspects take place. The theory will assist in determining the employee's cognitive evaluation that will lead to their affective responses (positive or negative emotions) and behavioral responses (i.e. making decision on intention to leave their organization).

If there is a condition whereby, environment in the workplace makes the employee feel insecure, job insecurity is said to be associated towards organizational commitment directly. (Ashford, Lee, & Bobko, 1989; Marques, 2016). As for instance, the study carried by Marques (2016) depicts that, there is a negative relationship between job insecurity and organizational commitment.

It is also supported from the results found by Pienaar, Witte, Hellgren, & Sverke (2013); Sverke et al., (2002) that job insecurity has a negative association towards organizational commitment and it same goes to the study conducted by Alghamdi, (2018); Hartley (1998) that state there is a negative relationship between job insecurity and organizational commitment.

However, the relationship between job insecurity and organizational commitment, does not necessarily has to portrays negative relationship. The literature reported few studies found that job insecurity is negatively associated to organizational commitment, as well as job insecurity towards employees intention to

leave (Ashford et al,1989; Hartley, 1998; Reisel and Banai, 2002; Rosenblatt and Ayala, 1996); Behery, Abdallah, & Parakandi, 2016).

This kind of environment, may contribute either to positive or negative assumptions from the employees towards their job in the organization. Employees may regard the changes in the organizational environment in a positive way, hence, it may influence to positive contribution to its affective component which is organizational commitment. Nevertheless, if the employees presume the environment as something insecure and feel threatened of losing the job, it may lead to negative assumptions towards its affective components, which may contribute to low organizational commitment among employees.

Previous studies found that organizational commitment mediates the relationship between job insecurities and intention to leave (Zeytinoglu et al., 2012). If employees having lower organizational commitment towards their organizations, the tendency for them to have intention to leave is high (Zeytinoglu et al., 2012).

This association justified that employee job insecurity may discourage them in term of their willingness to provide more effort to the organization (Hadiyat, Indrawati,Athifah, 2022; Sverke 2002; Zeytinoglu et al., 2012). Which eventually lead to low organizational commitment and it may bring the employees to have the intention to leave. When this feeling is developed, the chances for the employee's employee intention to leave might be higher. In addition to that, past study suggests that, with such association, job insecurity reduced organizational commitment, and organizational commitment encourage intention to leave, it is natural to conclude that organizational commitment might be a bridge linking on job insecurity and eventually lead to employee intention to leave (Hadiyat, Indrawati,Athifah, 2022; Sverke 2002; Zeytinoglu et al., 2012).

Furthermore, Huang et al., (2010) also explains that job insecurity occurs when there is involuntary change of circumstances in the organization that makes employees feel insecure about their future with the organization; eventually, this feeling will discourage their morale towards their current job and may result to lower organizational commitment and intention to leave.

In addition to that, organizational commitment is the condition whereby employees know the goals and beliefs of the organization and they will find ways to serve the organization at its best (Nafei, 2014). It is also can be referred to the employees' feeling of obliging and devoting themselves to the organizations that they worked for (Radda, Majidadi, and Akanno, 2015). Therefore, job insecurity might get their organizational commitment to decline or rise depending on the employee's personality itself.

The effort that the employees take despite of the job insecurity that is happening in the organization will evaluate the way employees regard the situation with their perception (Ismail, 2017; Yücel, 2012). As for instance, some employees may take cognitive evaluation towards downsizing execution in negative perceptions, it may lead to lower organizational commitment of the employees. Employees may be discouraged to achieve organizational goals and refuse to achieve organizational values together with the organization that means employees opt to intention to leave.

Besides cognitive, affective and behavioral components, the moderator will as well be measured in this study. The reason archetypes of employee responses are being located as a moderating variable between cognitive (job insecurity) and affective (organizational commitment) components is due to the reason that, when there is inconsistencies, between two variables, that has been diagnosed in the framework, the moderator will come to control and assist to enhance the association

among the variables. As in this study, job insecurity was sometimes found to have a moderate negative effect towards organizational commitment and occasionally it resulted in strong negative effects (Zyl, Eeden, & Rothmann, (2013); Sverke, Hellgren and Näswall (2002). However, in some cases, the relationship between both variables are not significant at all (Pienaar et al., 2013; Sverke, Hellgren and Näswall,2002). Thus, a moderator will assist in influences the level, direction, or presence of a relationship between variables (Gynn, 2020). Besides that, it may also strengthen, diminish, negate, or otherwise alter the association between independent and mediating variables that have been the main focus of the moderator in this study (Gynn 2020).

This circumstance is understandable and this kind of situation may be considered as a threat to employees especially when they have been given a view that they may lose everything that associate to their employment as for instance, losing benefits whether social or psychological; as well as missing their constructive material (Grima & Glaymann, 2012; Reisel, Lim, Maloles, & Slocum, 2007). Employee personality on how they regard the circumstances may encourage to active, passive or constructive, destructive kind of opinions.

The constructive employees tend to be more positive in perceived the cognitive circumstances whereby destructive types of employees tend to have a negative thought towards cognitive circumstances which leads to negative affective evaluation and contributes to positive or negative behavioral conduct (Alghamdi, 2018; Huang et al., 2010). In addition to that, there are also components of active or passive responses by the employees. The active employees believe that they have every right to voice out their opinion and thinking on their thought towards circumstances whereas passive employees tend to be more silent in responding to

their agreeableness or disagreeableness that they have on the organization (Huang et al., 2010). The variables in every component are expected to help in determining the consequences of job insecurity for this study and what are the strategies that can be conducted by organization to convince their survivors in the company that employees are still needed despite of the financial condition in the industry.

The employees in the organization may not be concerned about losing their job merely. The other thing concerned is how their responsibility towards their routine task valued may become a barrier for them to govern their usual pace of responsibility in the organization and there is low tendencies for them to get promoted for a better positions (Marques, 2016; Burchell et al., 1999 & Fevre, 2007). When employees possessed the feeling of job insecurity they tend to allocate less efforts towards their future task in the organization (Borg & Elizur, 1992; Bujang & Sani, 2010; Moshoeu & Geldenhuys, 2015) and considered job insecurity as a sign of involvement in the involuntary event like employees has to willingly completing task that may be not under their job scope (Huang et al., 2010).

However, if the employees having low job insecurity, they will however serve their organization with ethics and commit to their organization as the feeling of insecurity that they possessed, is not a reason for them to feel threatened on the industry environmental changes (Huang et al., 2010).

The condition is depending on how employees regard the situations they encounter. Low job insecurity may produce high organizational commitment and high job insecurity may resulted in low organizational commitment. Eventually some of the employees will just simply trying to evade the stress by opt to leave the organization (Naus, Iterson, & Roe, 2007; Arnold & Feldman, 1982; Ashford et al., 1989; Jacobson, 1991).

1.3 Research Objectives

In line with the problem statement, and the proposed conceptual framework, the study aims to achieve the following research objectives:

RO1: To investigate whether the employee's cognitive evaluation (job insecurity) will influence the employee's behavior (intention to leave).

RO2: To investigate whether the employee's cognitive evaluation (job insecurity) influences the employee's affective evaluation (organizational commitment).

RO3: To investigate whether the employee's affective evaluation (organizational commitment) mediates the relationship between cognitive evaluation (job insecurity) and the employee's intention to leave.

RO4: To investigate whether archetypes of employee's responses (hopeful, oblige, fearful, cynical) moderates the relationship between employee cognitive evaluation (job insecurity) and employee's affective evaluation (organizational commitment).

1.4 Research Questions

Based on the research objectives provided in the previous section, research questions are constructed in providing the answer for this study.

RQ1: Does the cognitive evaluation (job insecurity) influences employee's behavior on intention to leave?

RQ2: Does the cognitive evaluation (job insecurity) influences employee's affective evaluation (organizational commitment)?

RQ3: Does affective evaluation (organizational commitment) mediate the relationship between cognitive evaluation (job insecurity) and employee's intention to leave?

RQ4: Do archetypes of employee's responses (constructive-destructive and active-passive) moderate the relationship between employee's cognitive evaluation (job insecurity) and employee's affective evaluation (organizational commitment)?

1.5 Significance of the study

This study offers a practical and theoretical contribution in the areas of job insecurity, organizational commitment as well as intention to leave. It also provides the relationship on the moderators that will be tested between cognitive and affective components in this study.

1.5.1 Theoretical contribution

The theoretical relationships posited in the research framework were empirically supported. Specifically, this study confirmed the linkage between job insecurity, organizational commitment and intention to leave. In other words, this study adds further knowledge on the influence of job insecurity and affective commitment on employees' intention to leave in oil and gas industry in Malaysia. This study also gave evidence that job insecurity will lead to employee intention to leave and organizational commitment as the mediating variables between the predictors. By demonstrating the existence of significant direct and indirect effects of the influence of job insecurity and affective commitment on employees' intention to leave this study provides clear evidence that employee intention to leave might be

avoided if organization knows what is the influencing factors that encourage the employees to have intention to leave.

This study also provides empirical support for the model that is being adapted from Huang et al., (2010); Smollan, (2006) to determine the how every component in cognitive, affective and behavior would be associated. Each employee might have their own evaluation towards their cognitive component (job insecurity), their affective (organizational commitment) and their behavior (intention to leave).

Their suggestion that a person's cognitive about an object would influence the person's affective evaluation and person's intentions toward the object were empirically substantiated. This study adds further knowledge on one's behavioral intentions process. Specifically, this process is sequential as follows: cognitive, affective and behavior. Most importantly, this study gave evidence to the independent effects of cognitive component (job insecurity) and affective component (organizational commitment) on behavioral intentions (intention to leave). Within the Malaysian context, this study enhances our understanding on what influence employee intention to leave in oil and gas industry.

In addition to that, this research corroborates the gap from previous research that acknowledge there is inconsistency in the effects between job insecurities and organizational commitment. Hence, by locating a moderator inside the framework may adding information to the existing body of literature towards enhancing new information on effects of job insecurity.

By investigating these consequences and antecedents, this study may assist in expanding knowledge on, how does employee personality (archetypes of employee responses) influence the association towards organizational commitment that will eventually lead to intention to leave.

1.5.2 Practical Contributions

From the practical perspectives, the results of this study offer several suggestions to oil and gas sectors in Malaysia. Specifically, human resource managers and policy makers. They should use the results from this study in order to minimize employee intention to leave among employees in various department in oil and gas sector. The managers and policy makers can make use of this study and try to connect with its employees in the organization. A good human resource practice in an organization portrays that connected managers realized employee intention to leave before it occurs. There is always a way for manager to make a difference to its respective employees under their supervision.

The result from this study shows the path coefficient result was supported between job insecurity and organizational commitment. Similarly, on the result of indirect effect between job insecurity and intention to leave that is being mediated by organizational commitment were also have an association towards one another.

Given the influence of job insecurity and affective commitment on employees would lead to employee intention to leave, the outcome of this study might provide guidance for the decision makers in the oil and gas industry to reduce their insecurity and encourage organizational commitment in the organization. Since research in this field is limited in Malaysia context, hence, this study results would really provide an assistance to the oil and gas sector managers to observe the behaviour of their employees.

In addition to that, managers may also able to avoid employee intention to leave in the organization by observing the determining factors or components that have been studied towards the employees as for instance, like “do they expected of moving ahead in their organization” and “do they have the possibility to remain in

the organization”. Once the determining factor been fulfilled by them, might probably the issue on employees become less committed towards the organization curb and it will develop a positive energy among the employees which eventually may reduce their potential to have intention to leave the organization.

In addition to that, the findings of this study clearly showed that the employees' organizational commitment have a negative significant effect on the employee's intention to leave. Thus, the policy makers or managers in oil and gas industry have to drive its human resources policies and strategies to be more concentrated on ensuring whether the employee is really happy to be with the organization. The human resource management should revise its strategies of employees' treatment in the oil and gas sector through applying suitable evaluation standards that are applied equally to all of the employees to ensure that all employees feels secure with their position in the organization.

1.6 Definitions of key terms

1.6.1 Job insecurity

Job insecurity can be defined as an employee's fear of losing their job and being unemployed (Jung, Jung and Yoon, 2021)

1.6.2 Organizational commitment

It is employees' attachment to the organization when an individual feels sense of oneness with the organization (Musawer, 2021)

1.6.3 Intention to leave

Turnover intent is not only a cautionary indication of employees who are about to leave their organizations, but also a factor from which changes in employees within the organization and in job positions can be effectively predicted (Tepavčević, Josipovic and Milojica,2021)

1.6.4 Archetypes of employee responses

Archetypes of employees responses consist of four distinctive components namely obliging, cynical, fearful and hopeful that can crisscross along the two dimensions of active-passive; constructive-destructive as a way of coping with the environment they are in (Mishra & Gretchen, 2011).

1.6.5 Chapter Summary

This chapter has reviewed background of study of oil and gas industry in Malaysia, and problem statement and issue that made the studies conducted. the relevant literatures pertaining to each of the study variables. Research Objectives and Questions are also being Discuss to ensure the associations of every variables that have been introduced. Theoretical and Practical contribution to enhance the understanding of the chosen topic and discussion on the key terms.

CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Job insecurity

Job insecurity is defined as the employees' view towards their job when they have no power to maintain their position in threatened job circumstances in their organization (Jiménez, Milfelner, Žižek, & Dunkl, 2017; Ito & Brotheridge, 2007). Meanwhile, Morrison and Robinson (1997) defined job insecurity as the breaches of psychological contract. Breach on this fulfillment usually comes when employer does not fulfill employment promises that they made between the two parties (employer and employee). This may encouraged employees to have lower commitment, trust, loyalty, provide smaller effort, amplified nonattendance and so forth to the organization (Marques et al., 2016).

VanVuuren & Klandermans, (1994) conceptualized job insecurity in two approaches. The first approach (cognitive) focuses on feeling of threat that employee may have towards losing its job when it is including the activity of merging, downsizing, and reorganization. The second approach (affective) focusing on the features of the job that they assume as a threat like there is an adaption of new technology, executing new roles procedure as well as job redesign.

Many scholars come to an agreement that it is important for employees to have assurance in order to influence employee's attitudes and behavior in the organization (Ito & Brotheridge, 2007; Lawler,1987; Parnell & Crandall, 2003). If there is a condition whereby, environment in the workplace makes the employee feel insecure, job insecurity is said to be associated towards organizational commitment directly (Ashford, Lee,& Bobko, 1989; Marques, 2016). As for instance,the study

carried by Marques (2016) depicts that, there is a negative relationship between job insecurity and organizational commitment. The results of regression coefficients between job insecurity and organizational commitment indicates -0.5 results for its regression coefficient. It is also supported by results found by Sverke et al., (2002) that job insecurity has a negative association towards organizational commitment and it same goes to the study conducted by Hartley (1998) that state there is a negative relationship between job insecurity and organizational commitment.

The relationship between job insecurity and organizational commitment, however, does not always portrays negative relationship. The literature reported few studies found that job insecurity negatively associated to organizational commitment, as well as job insecurity towards employees intention to leave (Jiménez et al., 2017; Valeau, Willems, & Parak, 2016; Ashford et al,1989; Hartley, 1998; Reisel and Banai, 2002; Rosenblatt and Ayala, 1996). It is also supported by result found by Lee, Bobko, & Chen, (2006). Meanwhile, Sverke, Hellgren and Näswall (2002) found that job insecurity had usually found to have a moderate negative effects towards organizational commitment and sometimes strong negative effects. However, in some cases, the relationship between both variables are not significant at all (Sverke, Hellgren and Näswall,2002).

This circumstance is understandable and this kind of situation may be considered as a high threat to employees especially when they have been given a view that they may lose everything that link to their employment as for instance, losing benefits whether social or psycholological as well as missing constructive material (Reisel, Swee-Lim, Maloles, & Slocum, 2007).

The employees in the organization are not duly concerned about job loss *per se*, what concern them most is how job features valued may become a barrier for

them to govern their usual pace of responsibility in the organization and chances for them to get promoted (Marques, 2016; Burchell et al., 1999 & Fevre, 2007). When employees possessed having a high job insecurity they tend to allocate less value for their future job (Borg & Elizur, 1992; Bujang & Sani, 2010; Moshoeu & Geldenhuys, 2015) and considered job insecurity as a sign of involvement in the involuntary event (Huang et al., 2010). However, if the employees having a low job insecurity, they will however serve their organization with ethics and commit to organization as the insecurity is not a threat (Huang et al., 2010).

The condition is depending on how the employees regard the situations they face. Low job insecurity may produce high organizational and high job insecurity may resulted in low organizational commitment. Eventually some of the employees will just simply trying to evade the stress by opt to leave the organization (Naus, van Iterson, & Roe, 2007; Arnold & Feldman, 1982; Ashford et al., 1989; Jacobson, 1991).

Hence, the way employees regard job insecurity is depending on their responses on it. The bigger the insecurity feel by the employees' in oil and gas feel towards their current job, the lower organizational commitment that may be contributed from that reaction on it and it may eventually lead to employees having an intention to leave. Even though, each employee has his/her own perceptions towards the environment happened to them, way they regard it will differentiate the result in a negative relationship or to not having relationship towards organizational commitment and may eventually determine its association towards employee intention to leave in the end.

2.2 Organizational Commitment

The concept of organizational commitment has been defined in numerous ways in the literature. In defining organizational commitment, Mowday et al. (1982); Wesley et al (2022) argued that the dominant approach has made use of Salancik's (1977) dichotomy of attitudinal and behavioral commitments. Using this dichotomy, most theorists have been more concerned with the establishment of the distinct boundary between attitudinal or affective commitment and behavioral commitment. Most definitions of organizational commitment describe the construct in terms of the extent to which an employee identifies with, and is involved in an organization (Curry, Wakefield, Price, & Mueller, 1986; Bell, & Sheridan, 2020). Mowday et al. (1979) defined organizational commitment as "the relative strength of an individual's identification with and involvement in a particular organization" (p. 226). They classified approaches to the study of organizational commitment in terms of two perspectives: attitudinal and behavioral. Attitudinal or affective commitment perspective defines organizational commitment in terms of cognitive, affective responses, and attachment to an organization. The study of attitudinal affective commitment has been concerned with individual's affective orientation, involvement, and identification with the goals and values of a particular organization (Mowday et al., 1979). On this notion, Mowday et al. (1979) identified affective commitment as consisting of three factors: (1) a strong belief in an organization's goals and values, (2) a willingness to exert considerable effort for the organization, and (3) a strong desire to maintain membership in the organization. Mowday et al. (1982) argued that when organizational commitment is defined using this approach, it represents something beyond mere passive loyalty to organization. It involves an active participation and relationship with the organization such that individuals

are willing to give something of themselves in order to contribute to the organization's well-being. Thus, organizational commitment is conceptualized as an attitude, an effective response one's have toward the employing organization (Mowday et al., 1979). Similarly, Meyer and Allen (1997) conceptualized organizational commitment as a global assessment of the employee's relationship with the organization and this construct develops over time. In contrast to attitudinal commitment, behavioral commitment has been studied through several causal models such as side-bets theory, the exchange model, and the sociological approach (Becker, 1960; Salancik, 1977; Hussain et al,2020). Becker's (1960) side-bet theory views commitment as the tendency to engage in consistent lines of activity because of the perceived cost of doing otherwise. Within this conceptualization, the activity involves staying with the organization, and the perceived cost associated with discontinuing the activity; leaving, might include the loss of attractive benefits, the disruption of personal relations by leaving organization, and the effort of seeking a new place (Musawer, 2021;Bell, &Sheridan,2020; Mathieu & Zajac, 1990;). In this vein, an individual becomes "committed" to an organization because it has become too costly for him or her to change jobs or leave the organization. Additionally, Meyer and Allen (1991) proposed a three components model of organizational commitment: affective, normative, and continuance commitment. In this model, Meyer and Allen (1991) viewed organizational commitment as an attitude and defined it as a psychological state that characterizes the employee's relationship with the organization, and has implications for the decision to continue or discontinue membership in the organization. Meyer and Allen's (1991) conceptualization of affective commitment is based on the definition of attitudinal commitment and the work of Mowday et al. (1979). Affective commitment refers to emotional attachment

to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization (Allen & Meyer, 1990; Hussain et al,2020)). The concept of continuance commitment is based on Becker's (1960) side-bets theory and refers to a tendency to engage in consistent lines of activity on the basis of the individual's awareness of the costs associated with leaving the organization (Allen & Meyer, 1990). Allen and Meyer (1990) argue that the costs associated with leaving an organization can be viewed as a psychological state reflecting the employee's relationship to the organization. Finally, Meyer and Allen's (1991) concept of normative commitment refers to a moral belief or obligation to remain with the organization. Meyer and Allen (1991) argue that employees with strong normative commitment will remain with the organization by virtue of their belief that it is the "right and moral" thing to do. In the context of this study, Mowday et al.'s (1979) definition of organizational commitment, which focuses on affective commitment will be used. Specifically, affective commitment is defined as hotel employees' strong belief in their organizations' goals and values, willingness to exert considerable effort for their organizations, and strong desire to maintain membership in the hotel organization. This definition represents a state in which an individual identifies with a particular organization and its goals and wishes to maintain membership in order to facilitate these goals. Affective commitment represents a major approach to the study of organizational commitment (Meyer, Stanley, 60 Herscovitch, & Topolaytsky, 2002; Bell, & Sheridan, 2020), and appears to be the most desired form. In addition, affective commitment has been found to correlate with a wider range of job-related outcomes, for example, turnover, absenteeism, job performance, and organizational citizenship behavior (Meyer & Herscovitch, 2001; Hussain et al, 2020; Musawer, 2021). It has been postulated that

individuals who are highly committed to an organization's goals and willing to devote a great deal of energy toward those ends would be inclined to remain with the organization in an effort to assist in the realization of such highly valued objectives (Mowday et al., 1979; Musawer, 2021).

2.3 Intention to leave

Various definitions of intention to leave can be found in the literature. Tett and Meyer,(1993) ; Awan, Dunnan, Jamil, Anwar, Idrees, & Guangyu,(2021) referred intention to leave as a conscious and deliberate willfulness to leave the organization. Belete. (2018), on the other hand, referred intention to leave as an individual's perceived probability of staying or leaving an employing organization. Similarly, Chen,Tang,&Liu, (2021); Hom and Griffeth (1991); defined intention to leave as the relative strength of an individual's intent toward voluntary permanent withdrawal from the organization. Such intentions are typically measured along a subjective-probability dimension that associated a person to a certain action within a specific time interval (e.g. within the next six months or one year). Hom and Griffeth (1991); Chen,Tang,&Liu, (2021) conceptualized intention to leave as the last in the sequence of withdrawal, which consists of thinking of quitting and intent to search for alternative employment. Thus, for the purpose of this study, intention to leave is defined as an employee's own estimated probability that he or she has a conscious and deliberate intent to permanently leaving the organization at some point in the near future (Musawer, 2021). The intention to leave construct is drawn from the cognitive affective behavior model Huang et al., (2010); Smollan, (2006) which holds that one's intention to perform a specific behavior is the immediate determinant of the behavior, meaning that intention to leave is one's behavioral