

Learning through the Lens of your Job: Organizational Commitment and Firm-specific Human Capital

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This Paper

- **Research questions:**

- To what extent can workers produce firm-specific skills from a general learning environment (*e.g.* formal schooling)?
- By what mechanism does this occur?
- To what extent does this skill acquisition process explain labor market outcomes?

- **Conceptual model:**

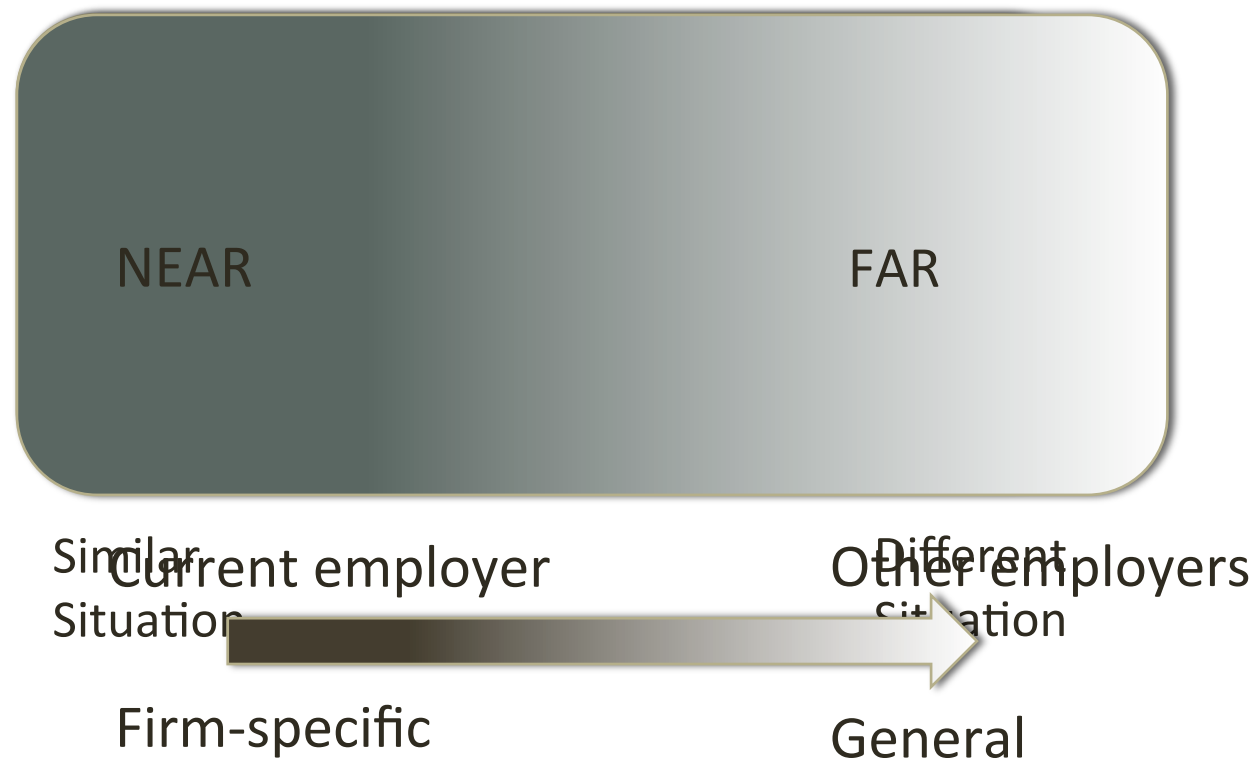
- Worker heterogeneity in production of firm-specific skills from a given learning environment
- Variation influenced by organizational commitment
- Frictions in transferability (transfer of learning/training)

- **Context:**

- Part-time MBA education for employed students
- Evaluate relationship between commitment and student's assessment of change in firm-specific human capital after completing a given course

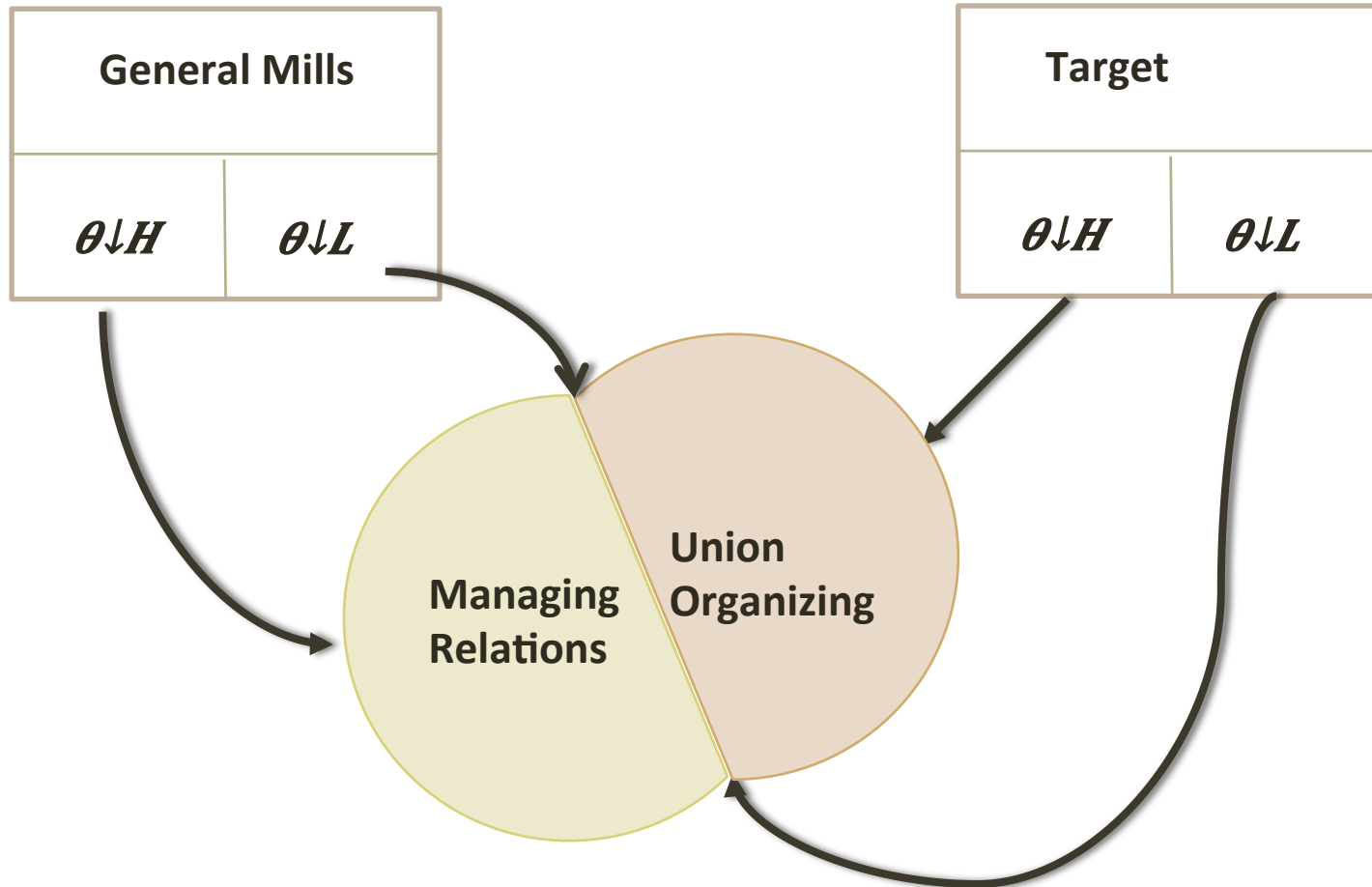
Frictions in Transferability

- Transfer of learning discusses extent to which learning in one situation influences response in another situation



- Propose that workers vary in the degree of learning in transferability (θ)

Example



Collective Bargaining & Labor Relations

Organizational Commitment

- **Affective commitment: Emotional attachment to organization**
 - Individual identifies with, is involved in, and enjoys membership
 - Prediction: Promote **current-employer-transfer** by viewing new learning through problems/challenges of organization → less transferable
- **Normative commitment: Feeling obligation to organization**
 - Individual feels he/she *should not* leave organization.
 - Prediction: Promote **current-employer-transfer** by feeling obligated to apply learning to employer context → less transferable
- **Continuance commitment: Attachment based on costs**
 - Individuals stay to avoid cost of leaving organization
 - Prediction: May promote **current-employer-transfer** because costly to leave firm, or may actively promote **other-employers-transfer** to try to reduce costs of leaving → ambiguous

Source: Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human resource management review*, 1(1), 61-89.

Data & Empirical Strategy

- Panel of Carlson part-time MBA students: Each semester collected information on employment, job attitudes, plus course completion information
 - Surveyed after each semester (~85% retention)
 - Unit of observation: course x semester (ids = 403; n = 3295)
 - Representative of PTMBA students population
- Empirical Strategy
 - Relate measure of **change** (Δ) in firm-specific human capital (FSHC) relative to general human capital (GHC) to organizational commitment
 - Hold constant opportunity for learning using course x semester x year fixed effects
 - Evaluate separately for each dimension of commitment

FSHC Measure

- Assess Δ FSHC acquired from each course: *“After completing this course, I am more productive at my current employer than if I switched to a different employer”* (1= strongly disagree to 5 = strongly agree)

Sample Mean = 3.06

Sample St. deviation = 1.12

Average St. deviation (within individuals) = 0.87

- Perceived Δ FSHC by type of course

	Core Course	Elective Course
Mean	3.01	3.17***
St. Deviation	1.10	1.16
Observations	1648	812

Measuring Commitment

- Organizational Commitment
 - Affective commitment (3-item scale), including “I really feel as if this organization’s problems are my own.” Mean= 3.23, St. Dev.= 1.04; alpha (reliability)=0.75
 - Normative commitment (3-item scale), including “I owe a great deal to this organization.” Mean= 2.93, St. Dev.= 1.00; alpha (reliability)=0.73
 - Continuance commitment (4-item scale), including “It would not be too costly for me to leave my organization right now” (reverse coded). Mean= 3.38, St. Dev.= 1.14; alpha (reliability)=0.60

Descriptive Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Firm-specific Human Capital (FSHC)	2460	3.06	1.12	1	5
Affective Commitment	2460	3.19	0.87	1	5
Normative Commitment	2460	2.90	0.88	1	5
Continuance Commitment	2460	3.11	0.74	1	5
Female	2460	0.44	0.50	0	1
Tenure	2460	4.42	3.05	0	24
GMAT Score	2460	638	60	440	770
Course Grade	2460	3.70	0.47	2	4
Firm size: less than 100 employees	2460	0.10	0.30	0	1
Firm size: 100-499 employees	2460	0.08	0.27	0	1
Firm size: 500-999 employees	2460	0.04	0.19	0	1
Firm size: 1,000-9,999 employees	2460	0.16	0.37	0	1
Firm size: 10,000-99,999 employees	2460	0.35	0.48	0	1
Firm size: over 100,000 employees	2460	0.28	0.45	0	1

ΔFSHC and Lagged Commitment

	1	2	3
Affective in t-1 (Std)	0.189*** (0.053)		
Normative in t-1 (Std)		0.212*** (0.057)	
Continuance in t-1 (Std)			0.073 (0.061)
Female	0.042 (0.094)	0.026 (0.092)	0.045 (0.097)
Tenure	0.015 (0.033)	0.017 (0.032)	0.01 (0.034)
Tenure2	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Constant	3.563*** (0.641)	3.384*** (0.653)	3.444*** (0.659)
Year*Semester*Course Controls	Y	Y	Y
R-Squared	0.202	0.205	0.188

Notes: OLS regression, standard errors clustered at individual level. FSHC measure (ranges from 1 to 5). Firm size and industry are controlled. *** p-value < 0.01; ** p-value < 0.05; * p-value < 0.10.

Measuring the Mechanism



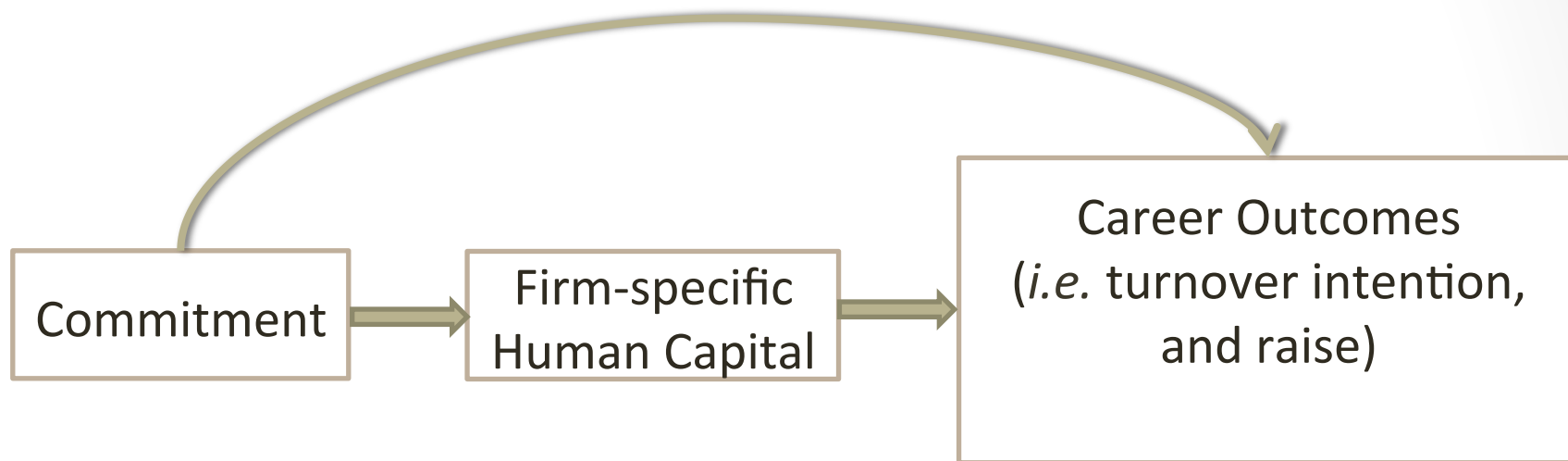
- Firm-specific Opportunity
 - “This course provided me with significant opportunities to draw from experiences and challenges at my current position through class assignments, class discussion, and course reading”, ranges from strongly disagree (1) to strongly agree (5).
 - Mean= 3.78, St. Dev.= 1.15

ΔFSHC and Mechanism

	1	2	3	4	5	6
Affective in t-1 (Std)	0.225*** (0.048)			0.129*** (0.037)		
Normative in t-1 (Std)		0.238*** (0.052)			0.144*** (0.038)	
Continuance in t-1 (Std)			0.085 (0.057)			0.082* (0.045)
Firm-specific opportunity (Std)				0.604*** (0.026)	0.603*** (0.026)	0.619*** (0.026)
Female	0.065 (0.088)	0.043 (0.085)	0.07 (0.091)	0.023 (0.068)	0.009 (0.066)	0.019 (0.068)
Tenure	0.01 (0.030)	0.01 (0.030)	0.005 (0.032)	0.015 (0.025)	0.015 (0.025)	0.01 (0.025)
Tenure2	-0.002 (0.002)	-0.002 (0.002)	-0.001 (0.002)	-0.002 (0.001)	-0.002 (0.001)	-0.001 (0.001)
Constant	3.601*** (0.604)	3.425*** (0.603)	3.429*** (0.626)	3.844*** (0.473)	3.744*** (0.470)	3.768*** (0.477)
Year*Semester*Course	Y	Y	Y	Y	Y	Y
R-Squared	0.196	0.197	0.174	0.413	0.414	0.407

Notes: OLS regression, standard errors clustered at individual level. FSHC measure (ranges from 1 to 5). Firm size and industry are controlled. *** p-value < 0.01; ** p-value < 0.05; * p-value < 0.10.

Labor Market Outcomes



- Affective commitment has significant effects on career outcomes (Vandenberghe, Bentein & Stinglhamber 2004; Mohamed, Taylor & Hassan 2006; Weng & McElroy 2012)
- **Findings:** Lower perceived transferability of skills (*i.e.* Δ FSHC) partially explains
 - Relationship between commitment and turnover intention
 - Relationship between affective commitment and raises

Conclusions and Implications

- Conclusions
 - Significant relationship between affective and normative commitment and perceptions of skill transferability
 - Relationship explained by actively incorporating current employer to learning environment
 - Partially explains relationship between commitment and labor market outcomes
- Implications
 - **General learning environment can lead to firm-specific value through worker role in transferability → new mechanism by which firms capture return on provision of general skills training**
 - Commitment based on costs is less likely to generate FSHC
 - Connecting organizational commitment to human capital investment → partially explain the effect of commitment on career outcomes

Thank You!