

# **Organization-Based Self-Esteem (OBSE) And Its Influence On Self-Perceived Employability (SPE) Of IT Export Sector Employees In Sri Lanka**

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## **Abstract**

The sense of value organizational members demonstrate in their workplace influences employee commitment, performance, productivity, and even absenteeism. The concept of Organization Based Self-Esteem (OBSE) reflects the self-efficacy of organization members and has become a popular research topic in Organization Behavior and Psychology. While there are many prior findings about how OBSE influence the ultimate employability of employees, the lack of clear definition and operationalization of the employability concept has negatively influenced knowledge development. The concept of Self-Perceived-Employability (SPE) has been introduced as an alternative concept to operationalize employability in a clear and measurable manner. There is evidence to show the relationship between OBSE and SPE but they are mainly theoretical and qualitative in nature, while there is little research evidence that quantifies the OBSE and SPE link. The current research paper brings quantitative research evidence to understand the association between two very important factors that influence organizational performance in IT export sector, fast growing service industry in Sri Lanka. The study explains the findings of self-administered questionnaires done on 372 employees in Sri Lankan IT export sector. Data analysis done using quantitative statistical analysis methods, while reliability analysis was performed to ensure the internal consistency of OBSE and SPE. The correlation analysis revealed a strong and positive correlation between OBSE and SPE, and confirms the earlier notion that OBSE influences SPE.

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**Keywords:** Employability, Self-Perceived-Employability, Organization-Based-Self-Esteem, Self-efficacy, Sri Lanka, IT export sector, SPE, OBSE

## **Introduction**

Self-esteem of individuals clearly influences their behavior and performance both at work and in general life. Researchers have shown that self-esteem is too generic to be used in an organizational context to measure the impact of organization towards employee's behavior and performance. Organization-Based-Self-Esteem (OBSE) was introduced as a more accurate representation of self-esteem than other self-constructs (Kim, et al., 2015). OBSE explains the level that employees believe they can satisfy their needs by involving in organizational activities (Pierce, et al, 1989). Studies have shown that high OBSE employees demonstrate a sense of capability as organizational citizens who have satisfied the organizational needs in past. Employees with high OBSE can be considered as effective, productive, and meaningful within the organizational context (Pierce, et al., 1989). The theoretical framework of OBSE presented can be considered as one of the most comprehensive overviews of the concept which identifies the positive relationship between OBSE and global self-esteem and task specific self-esteem (Pierce & Gardner, 2004; Pierce, et al., 1989). Despite these efforts no major study has focused on the impact of OBSE towards employability, a highly popular concept in Human resources, performance and talent management domains.

Employability remains to be a widely discussed topic in many forums such as academic, research, political and social but lacks operational clarity and focus. There are disagreements on the underlying concepts of employability and definitions while different stakeholders such as employees, employers, faculty, graduates, parents, and even governments (Rosenberg, et al., 2012; European Commission, 2010; Wickramasinghe & Perera, 2010). Self-Perceived-Employability (SPE) has gained increased attention as an alternative concept with operational clarity and theoretical support (Dries, et al., 2014). Despite previous studies have indicated about a direct relationship between OBSE and SPE (Kim et al, 2015) this remains to be largely theoretical and lacks research evidence. The current paper presents the findings of a comprehensive study performed on OBSE and SPE, and their relationship based on the IT export sector employees in Sri Lanka. The paper explains the findings of self-administered questionnaire and describes the multiple quantitative data analysis methods carried out to reveal the correlation between OBSE and SPE. The paper ends with a brief conclusion and provides guidance for future researchers who want to expand knowledge of OBSE and SPE, concepts which becomes essential in understanding individual employee's performance in an organization context.

### **Organization-Based-Self-Esteem (OBSE)**

While there are many definitions for OBSE, “the belief that employees have about their capability, worthiness, and significance as effective organizational members” (Pierce & Gardner, 2004) can be considered most relevant. The review of literature reveals that OBSE has many associations with other factors, both as an antecedent and as a subsequent (Pierce & Gardner, 2004; Pierce, et al., 1989). The origins of OBSE concept goes back to the beginning of organization psychology and closely relates to self-esteem. OBSE clearly differs from global self-esteem and task self-esteem and appears to provide more accurate measurements of self-esteem with regard to the organizational context and the job in-terms of OBSE antecedent’s; managerial respect, mechanistic organizations, job complexity, and stability across time (Pierce, et al., 1989). Global self-esteem, and task / job self-esteem appear to be both antecedents and subsequents. Intrinsic motivation, job performance, general job satisfaction, organizational citizenship, organizational commitment, and organizational satisfaction form the subsequent factors of OBSE (Pierce & Gardner, 2004; Pierce, et al., 1989).

Studies have revealed the positive relationships between various personal traits and OBSE (Pierce & Gardner, 2004). Since work can be considered a major life related activity that directly impacts both global and work related self-esteem (Pierce & Gardner, 2004; Vecchio, 2000) a positive relationship has been observed between global self-esteem and OBSE. Self-efficacy is also found to have a positive and significant relationship with OBSE (Pierce & Gardner, 2004) and in particular a positive relationship has been observed between the collective efficacies of Israel bank staff members and their OBSE levels (Kark, et al., 2003). In addition to these findings a negative relationship is found between OBSE and negative effectivity; a positive relationship was also reported between OBSE and positive effectivity and a focus on control was reported to have positive relationship with OBSE (Pierce & Gardner, 2004). OBSE is found to have a positive relationship with different aspects of organizations including structure and culture of organizations, as well as efficacy and competence experienced in organizations (Pierce & Gardner, 2004). Organization size is reported to have a negative relationship with OBSE, whilst social system size also is reported to have a negative relationship with OBSE (Chattopadhyay, 2003). A positive relationship was reported between organic structures and OBSE (Tan & Peng, 1997) and mechanistically designed organizations have lower levels of OBSE than those with organic organizational structures (Pierce, et al., 1989). Job complexity is found to have a positive relationship with OBSE; job complexity has been described as clear task identification, level of significance, and the type of feedback given to employees (Pierce, et al.,

1989; Tan & Peng, 1997). While studies have identified the positive relationship between task independence and the OBSE relationship (Pierce & Gardner, 2004); international studies also have confirmed the positive relationship between job complexity and OBSE (Lee, 2003), thus supporting the above findings. Research evidence has confirmed the positive relationship between healthy organizational culture and interpersonal relationships with OBSE (Pierce & Gardner, 2004) and confirms that messages of value transmitted through interpersonal links and culture leads to a positive relationship with OBSE.

OBSE is assumed to play a moderating role in the relationship between OBSE and dissent/turn over intentions of employees (Cenkci & Ötken, 2014) by a study using a group of white collar employees in Turkey. The upward dissent and latent dissent appear to lead to turnover intentions, while OBSE appear to moderate the relationship between employee dissent and their turnover intentions. Study findings confirmed that employees who provide constructive responses to management decisions have higher chances of remaining within the organizations. Findings clearly identify the value of productive employee engagement in the workplace to reduce turnover and dissent. Employees with higher OBSE are less likely to show turnover and dissent intentions which recognizes the value of OBSE in organizations. Supportive findings were reported where satisfying employee's needs and acting for their best interest appear to increase OBSE levels (McAllister & Bigley, 2002), whilst perceived fairness in organization and task authority of each employee appear to mediate this relationship. The relationship between OBSE and different types of organizational incentives were studied with the objective of understanding the impact of incentives in motivating OBSE (Hameed, et al., 2013). Three types of incentives, namely; monetary, feedback, and social rewards, were considered, a significant and positive relationship was reported between incentives and OBSE. The next section of this paper explains the concept of employability, multifaceted and highly popular concept that appears to lack measurability and operational clarity, and explains the concept of Self-Perceived Employability (SPE).

### **Employability and Self-Perceived Employability (SPE)**

The concept of employability has been heavily researched and appears to influence both individuals and society at large (Smith, et al., 2014; Wickramasinghe & Perera, 2010). Stakeholders of employability include employers, faculty, graduates, parents, and even governments, and these stakeholders have given suggestions on how to increase employability (Wickramasinghe & Perera, 2010). Employability remains to be a complicated and problematic area without complete direction or much clarity (Pool & Sewell, 2007; Rae, 2007). Despite the growing popularity of

employability concept, the concept appears to be lacking in operational clarity (Smith, et al., 2014) and perceived employability which measures an employees' psychological well-being inside the organization, including attitudes and intentions (Kim, et al., 2015) is more useful than objective employability which measures only the ability of an employee to secure other employment (Berntson & Marklund, 2007). Employability is clearly influenced by self-constructs such as self-efficacy, self-esteem and self-confidence (Pool & Sewell, 2007). In the context of increasing job insecurity due to volatile and dynamic business environments, the external employability, which represents the subjective assessment of one's ability to seek similar or better positions in the external job market, has become the focus of many employability discussions (Kim, et al., 2015). Perceived employability has become a popular topic in both Asian and European countries (Berntson & Marklund, 2007) since it provide a clear operationalization and measurement scale (Rothwell & Arnold, 2007) unlike concepts like employability.

Self-perceived employability is defined as the self-assessment about an employee's ability to navigate the job market within a short-time period (Rothwell & Arnold, 2007). Studies have clearly provided evidence about the positive relationship between professional commitment and self-perceived employability. The self-perceived employability study conducted by Rothwell & Arnold (2005) can be introduced as one of the pioneering studies in the employability domain since it introduced 11 aspects that can be used to measure self-perceived employability. The study was successful in its attempt to report the self-report measures of employee's perceived employability; useful in measuring either internal employability or external employability. Self-perceived employability does not appear to be influenced by demographic factors as reported by employability studies which identified clear differences between male and female staff employability and perceived employability skills (Wickramasinghe & Perera, 2010).

Studies have also explored the link between psychological contract and self-perceived employability, confirming that high-potential staff do not feel indebted to their organizations investments through longer term staff loyalty, or higher performance levels (Dries, et al., 2014). Since the self-perceived employability relationship with the psychological contract is under-represented and as there is a lack of research on the psychological factors that influence high potential employees' self-perceived employability, this study can be considered as a significant contributor towards self-perceived employability literature. A positive and statistically significant relationship was reported between self-perceived employability and perceived employee performance (Dries, et al., 2014). Furthermore, the findings have disproven earlier fears among HR managers that high self-

perceived employees have a lower intention to remain with their current employer for a longer time period (Baruch, 2001) and confirm that a higher level self-perceived employability staff member holds themselves and their performance more accountable than their organizations. Hence organizations should provide guidance and assistance to their staff members to enhance their employability in a context where job security is not guaranteed to all employees (Dries, et al., 2014). Self-perceived employability was introduced as the perception of employees with regard to external labor market job opportunities (Cuyper, et al., 2014). Data about self-perceived employability and its effect on job performance was collected from 433 workers in Romania. According to the findings, job security appears to influence the relationship between self-perceived employability and job performance; for instance, when employees are highly employable, they might become high achievers, however they might withdraw from the organization if they feel insecure about their jobs. Also it was found that highly employable staff is less concerned about organizational values and norms; whilst perceived employability leads to higher levels of job performance when employees feel secure, there might however be additional malfunctioning costs. Therefore, the multiple studies carried out on self-perceived employability in a global context reveal that there is shortage of literature about OBSE and SPE which will allow a clear understanding of individual employee self-factors that influence their organizational behavior and performance.

### **Methodology and data collection**

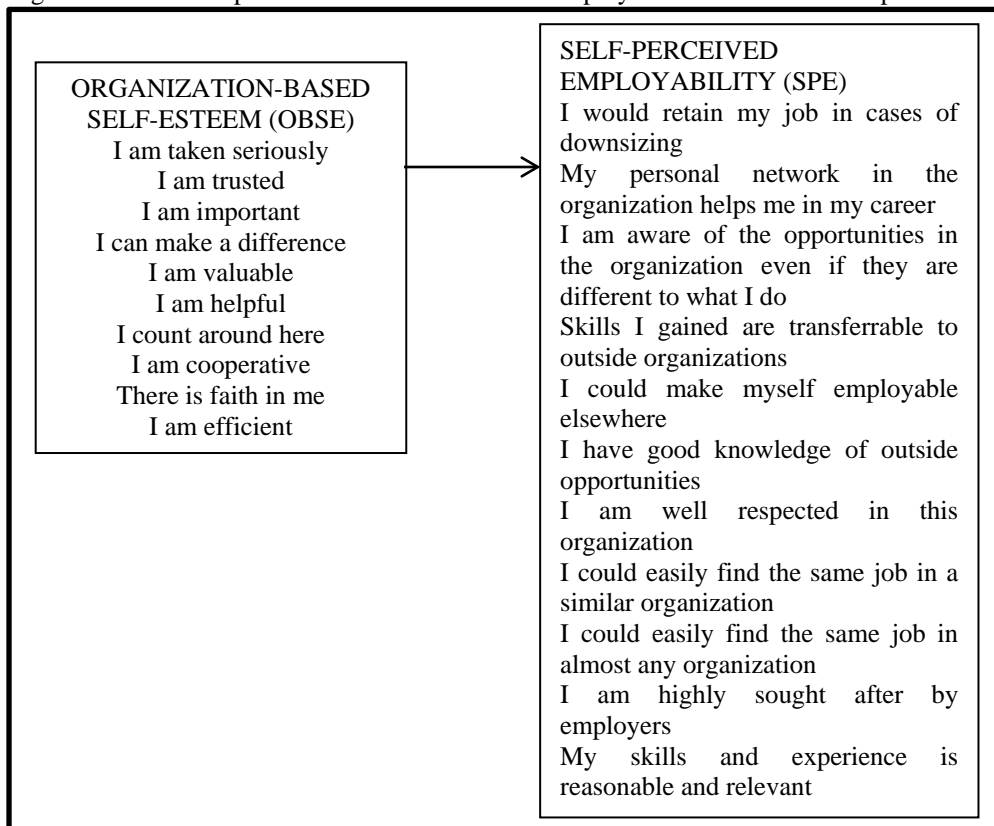
Review of literature on previous studies on OBSE revealed that OBSE can be defined as the “self-evaluation of employee’s personal competence and sense of value as an organizational member (Kim, et al., 2015; Pierce, et al., 1989). OBSE is operationalized using the following ten (10) factors; I am taken seriously, I am trusted, I am important, I can make a difference, I am valuable, I am helpful, I count around here, I am cooperative, There is faith in me, and I am efficient (Pierce, et al., 1989).

Since employability is defined as “the capacity one has to keep the current job or acquire a future job one desires” (Rothwell & Arnold, 2005) self-perceived employability is defined in this study as “an employee’s perception about their own ability to find new jobs in the future” which is close to the definition used by Rothwell & Arnold (2005)? Self-perceived employability is operationalized using eleven (11) factors according to the findings of Rothwell & Arnold (2005) namely; I would retain my job in cases of downsizing, my personal network in the organization helps me in my career, I am aware of the opportunities in the organization even if they are different to what I do, the skills I have gained are transferrable to outside organizations, I could make myself employable elsewhere, I have good

knowledge of outside opportunities, I am well respected in this organization, I could easily find the same job in a similar organization, I could easily find the same job in almost any organization, I am highly sought after by employers, my skills and experience is reasonable and relevant. The relationship between OBSE and SPE is demonstrated in Figure 1 below.

Self-administered questionnaires were used to collect data from the sample considered since it has been widely accepted as the practice in employability research (Rosenberg, et al., 2011; Wickramasinghe & Perera, 2010). The sample size, design and sample frame, unit of analysis decisions were taken based on prior studies of employability, SPE and OBSE (Wickramasinghe & Perera, 2010; Rothwell & Arnold, 2007) using accepted norms in quantitative research (Sekeran & Bougie, 2010)

Figure 1: Relationship between OBSE and SPE of employees in Sri Lankan IT export sector,



Source : Conceptual framework of OBSE and SPE of employees in Sri Lankan IT export sector.

### Data Analysis

Reliability analysis was performed for OBSE and SPE. Accordingly, the inter-item correlation matrix for OBSE shows an agreement with all 10 statements given. The item with highest correlation for each construct is

between 0.3 and 0.9, and therefore all the 10 items show adequate correlation and the construct has high internal validity. The reliability statistics also demonstrate a Cronbach alpha value of 0.912 which is above 0.7 and is considered acceptable. The Cronbach alpha value is not increased by deleting any single factor. the SPE construct consists of 11 statements and they seem to show strong internal validity. Accordingly the item with highest correlation for each construct is between 0.3 and 0.9, and hence it can be assumed that all 11 items show adequate correlation and the construct has high internal validity. According to reliability statistics the, Cronbach's alpha value is 0.909 which is above 0.7 and is therefore considered acceptable.

According to correlation analysis of OBSE and SPE the  $r$  value is 0.886 which is above 0.3 which confirms that the strength of the relationship is excellent. Therefore, for every unit increase in OBSE, SPE is expected to reduce by 0.880 units, provided that all other factors remain unchanged. Also according to the  $p$ -value of SPE which is 0.000 ( $<0.05$ ) means OBSE is a significant predictor of SPE. Also the 95% confidence interval for SPE is [0.808, 0.899] where the value of 0 does not fall within the interval, again confirming that OBSE is a significant predictor of SPE.

The test of Normality resulted in  $p$ -value 0.000 which is less than 0.05, which suggests that normal distribution is not present, and this appear to be similar to other large samples like this. However the test of Homogeneity results in  $p$ -value of 0.468, which is greater than 0.05 confirming the sample comes from a population with equal variances.

The study explains the findings of self-administered questionnaires done on 372 employees in Sri Lankan IT export sector. Quantitative statistical analysis methods. Reliability analysis was performed to ensure the internal consistency of OBSE and SPE. The correlation analysis revealed a strong and positive correlation between OBSE and SPE, and confirms the earlier notion that OBSE influences SPE.

### **Discussion and conclusion**

The study on Sri Lankan IT export sector employees revealed a strong positive relationship between OBSE and SPE. These findings appear to be parallel to earlier research findings which confirms positive relationships between OBSE and 6 consequence items; namely, intrinsic work motivation, job performance, job satisfaction, organizational citizenship, organizational commitment, and organizational satisfaction (Pierce & Gardner, 2004; Pierce, et al., 1989). Studies focusing on employee self-concept and perceived employability have confirmed a positive relationship between OBSE and self-perceived employability (Kim, et al., 2015). Hence the study achieves its one of the main objectives by



quantifying the relationship between OBSE and SPE, two highly significant constructs for organizational and individual performance.

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