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## Analyzing the relationship between depression, abusive supervision & organizational deviance: An SEM approach

Garima Mathur, Abhijeet Singh Chauhan

### ABSTRACT

Workplace deviance means the intention or desire of the employees to cause harm to the organizations. In current era, organizations are facing the deviant behavior of employees because of that employees are not working properly, absenteeism is increasing and employees are having low level of belongingness towards their organization and the consequences of these issues are observed in the organizations in the form of lower productivity & high turnover rate. The current research was an attempt to find out the relationship between depression abusive supervision and organizational deviance. Confirmatory factor analysis was applied to confirm factors appeared through exploratory factor analysis. Structural equation modeling was applied to test the relationship between independent variables and dependent variable and also to develop a model. The results of the study indicated the significant impact of abusive supervision and depression on organizational deviance.

### KEY WORDS

depression, abusive supervision, organizational deviance

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## 1 INTRODUCTION

Organizations are trying hard to keep the employees focused on their work and many studies have been conducted in this regard. Although, organizations are successful in this up to some extent but this gave birth to new challenge for the superiors to get the work done anyhow. The repercussions of this stress are so high that supervisors have started abusing their subordinates, which not only harm supervisor's own image, self-respect of their subordinates but also the image of organization. In the recent past many organizations reported deviant workplace behaviours. Robinson and Bennett (1995) developed the term "workplace deviance". They defined workplace deviance as "voluntary behavior that violates significant organizational norms and, in so doing, threatens the well-being of the organization or its members, or both" (Robinson & Bennett, 1995, p. 556). Therefore the concept of "workplace deviance" was designed to tap a large variety of behaviors that intended to give harm to the organization or the organizational members and address a wide variety of deviant behaviors. The current study tries to unfold various reasons behind the workplace deviance in the organizations. The workplace deviance is divided into two types – Interpersonal and Organizational. The interpersonal deviance is the deviant behaviors of employees with their counterparts and the organizational deviance means the deviant behavior of employees due the dissatisfaction towards the norms and policies of the organization. The current study is the attempt to find out the effect of abusive supervision and depression on the deviant behaviors. It is true that mistreatment from the supervisor makes the employees distressed and even makes them depressed from their work. Depression is a condition in which a person feels debilitated, miserable, sad, unmotivated, or impartial in life when all is said in done. Abusive supervision means subordinates' perceptions of the extent to which their supervisors engage in the sustained display of hostile verbal and nonverbal behaviors. Furthermore, such behaviours may result in to depression. For the purpose of this study the service organizations such as insurance and financial services, dealing directly with the customer and are considered highly stressed organizations were considered. It is further reported that 55% of the employees face

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workplace bullying, according to (“55% employees face bullying at workplace: Survey”, 2014). The study tried to explain the relationship between abusive supervision, workplace deviance and depression.

## 2 LITERATURE REVIEW

Yüksel (2012) conducted their research to find out the effects of perceptions of ethical work climate and organizational justice on workplace deviance as per the findings it was observed that perceptions of ethical work climate and the organizational justice play an important role in determination of organizational deviance in retail sector employees. Nair and Bhatnagar (2011) contended that philanthropic associations likewise encounter aberrance, and because of their novel qualities, they merit uncommon consideration for developing the comprehension of workplace deviant behavior to different sorts of associations.

Kozako, Safin and Rahim, (2013) found the significant effect of abusive supervision on deviant workplace behavior but it was strong in the presence of work family conflict. Zorluet et al. (2014) determined that workplace deviance behavior has a negative impact on the organizational citizenship behavior and job satisfaction but while in the presence organizational support perception as a mediating variable it is showing a positive effect of workplace deviance behavior on the organizational citizenship behavior and job satisfaction.

Rafiee (2015) investigated the relationship of the deviant workplace behavior with the organizational justice and staff development results of the study revealed that deviant workplace behavior has a negative relationship with the staff development while staff development was treated as moderating variable between the relationships of organizational justice and deviant workplace behavior.

Fagbohungbe et al. (2012) performed the study to measure the relationship between employees organizational reactions and deviant behaviors in workplace and found that male employees are significantly different from the female counterparts on the basis of production deviance, personal aggression, political deviance and property deviance while production deviance, personal aggression, political deviance were found higher in female counterparts. While Supervision, company identification, kinds of work, amount of work, co- workers, physical work conditions and financial rewards are the significant predictors of workplace deviant behaviors. Bodankin et al. (2009) investigated the interrelationship between constructive deviance, destructive deviance and personality results of the study shows that neuroticism and agreeableness were found to be related to both types of constructive deviance whereas conscientiousness as found to be associated with both types of destructive deviance, while agreeableness was related with interpersonal destructive deviance and openness was found to be related with organizational constructive behavior.

Ahmed, Kiyani and Hashmi (2016) performed their research on organizational cynicism, organizational injustice and breach of psychological contract and their effect on deviant workplace behaviors. The results show that organizational injustice, breach of psychological contract have significant and positive association with deviant work behavior and have an overall significantly positive impact on doctors' and nurses' deviant work behavior while organizational cynicism is having an insignificant effect on doctors' and nurses deviant work behavior.

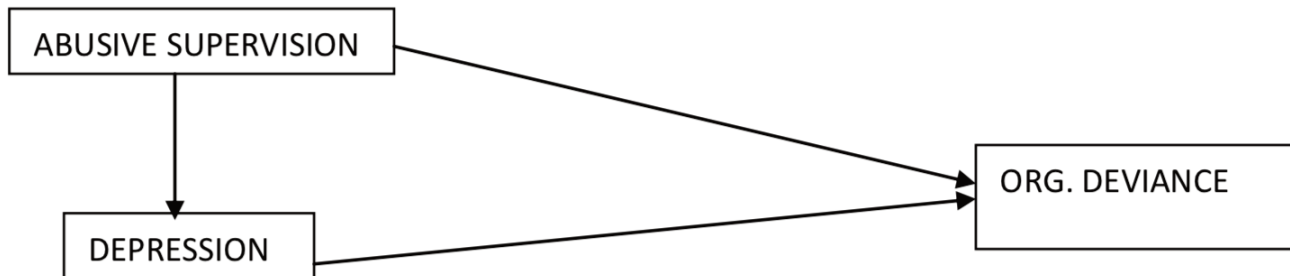
Boekhorst, Singh and Harrison (2015) investigated the relationship between HRM practices, work intensity and workplace deviance while core self-evaluations were acting as moderating variable, results shows that HRM practices are having indirect negative effect towards organizational deviance but it is not indirectly related to inter personal deviance and mediating effects of work intensity, core self-evaluations were found between the relationship of HRM practices and organizational deviance and also a negative relationship was found between work intensity and organizational deviance. Holtz and Harold (2013) suggest that employees with strong interpersonal justice or the justice orientation are found to be more deviant despite of their interpersonal justice perceptions. Erkutlu and Chafra (2013) examined the cause and effect relationship between authentic leadership and organizational deviance while trust and psychological contract violation were treated as mediating variables. Results of the study suggests that authentic leadership is significantly and negatively correlated with organizational deviance while positive mediating effects of trust and psychological contract violation were found between the relationship of authentic leadership and organizational deviance. Reisel et al. (2010) examined the effects of Job insecurity on job satisfaction, OCB, deviant behaviors and negative emotions of employees (anxiety, anger and burnout) results of the study suggests that job insecurity is negatively related with job satisfaction, and have both direct and direct effects on OCB, deviant behaviors and negative emotions of employees (anxiety, anger and burnout).

Ferris, Brown and Heller (2009) evaluated the relationship between organizational support and organizational deviance while organizational based self-esteem was considered as the moderating variable and they found the positive and significant mediating effect of organizational based self-esteem between the relationship of organizational support and organizational deviance.

### 3 MODEL & HYPOTHESIS DEVELOPMENT

The conceptual model to be tested in this research is portrayed in the figure given below. The model deals with relationship between abusive supervision and depression, abusive supervision and organizational deviance, and depression and organizational deviance.

Figure 1: Proposed model showing relationships among variables



#### 1. Abusive supervision and depression

Very few studies have been done to measure the association between abusive supervision and depression. It has been observed that when the human faces some bad experiences in life they lose hope and get into depression (Haar, 2016). Employees who perceive abusive supervision report feeling irritation and fear of experiencing aggression from their supervisor in the future, and are more likely to be more aggressive against coworkers (Schat et al., 2006). Abusive supervision is also associated with employee depression (Tepper, 2000) and job strain (Harvey, Stoner, Hochwarter, & Kacmar, 2007). In past studies it has been observed that when the employee is mistreated then there are more chances of the employees getting depressed.

Therefore it may be presumed that:

***H1: Abusive supervision is positively related to depression among the employees***

#### 2. Abusive supervision and organizational deviance

Interpersonal treatment is a driving factor in deviant behavior (Robinson & Greenberg, 1998). Workplace experiences such as frustration, injustices, and threats to self are primary antecedents to employee deviance (Bennett & Robinson, 2003). Ashforth (1997) suggested that abusive supervision promotes feelings of frustration, helplessness, and alienation. Tepper (2000) found that abusive supervision negatively influences perceptions of justice. Thus, abusive supervision is a likely antecedent of employee deviance.

Therefore it may be presumed that:

***H2: Abusive supervision is positively related to organizational deviance***

#### 3. Depression and organizational deviance

Very few studies have been done in the past to measure the relationship between depression and organizational deviance. Amyx and Douglas (2016) conducted a study on the influence of salesperson depression, low performance, and emotional exhaustion on negative organizational deviance and the study focuses on an area that has received limited attention, individual-level factors that challenge salespeople (e.g., depression, emotional exhaustion, and low sales performance). These factors which tend to make individuals more passive are more logical to connect strongly with NOD, which is also measured with negative, passive behaviors.

Therefore it may be presumed that:

***H3: Depression is positively related to organizational deviance***

### 4 METHODOLOGY

#### Study, Sample and Data collection

The study was empirical in nature and survey method was used to collect the data. The population of the study included insurance sector employees working in executive level from Gwalior, a city in central India region. There are around 30 insurance companies and financial services operating in Gwalior employing more than 1000 employees in all.

Participants had worked in their organization an average of 5.38 years ( $SD = 6.08$ ) with total work experience averaging 7.86 years ( $SD = 6.48$ ). Their ages ranged from 23 to 49 ( $M = 31.08$ ,  $SD = 6.79$ ). About 49% were male, 45% were married, and all held an undergraduate or a more advanced degree.



In order to conduct the survey 230 questionnaires were distributed out of which 200 questionnaires were returned showing 91.3% response rate. After deleting incomplete responses, data for this study were obtained from 200 respondents. The questionnaires were rated on a five point Likert scale where 1 stands for strongly disagree and 5 stands for strongly agree. The sample size has been decided on the basis of 1:5, questions to respondent ratio. Furthermore, the sample size of 200 is considered to be sufficient according to central limit theorem, where within the limit of 30 to 500 sample size more than 10% is recommended (Alreck & Settle, 1995).

### **Instrumentation:**

The measures were adapted from existing scales available for all the variables

#### **Depression ( $\alpha = 0.72$ )**

It was measured using a scale developed by Kroenke, Spitzer and Williams (2001), the PHQ-9. This measure consists of ten items including items such as *'Feeling down, depressed, or hopeless; Feeling tired or having little energy; Feeling bad about yourself or that you are a failure, or have let yourself or your family down.'*

#### **Abusive Supervision ( $\alpha = 0.72$ )**

It was measured using a scale developed by Tepper (2000). This measure consists of eight items including items such as *'Puts me down in front of others; Doesn't give me credit for jobs requiring a lot of effort; Tells me I'm incompetent; Expresses anger at me when he/she is mad for another reason.'*

#### **Organizational Deviance ( $\alpha = 0.70$ )**

It was measured using a scale developed by Bennett and Robinson (2000). This measure consists of Twelve items including items such as *'Taken property from work without permission; Come in late to work without permission; Neglected to follow your boss's instructions; Used an illegal drug or consumed alcohol on the job; Taken an additional or longer break than is acceptable at your workplace.'*

## **5 ANALYSIS**

### **Reliability Analysis**

Reliability of all the constructs in the study (Depression, Abusive supervision, Organizational deviance) was established through computation of Cronbach's Alpha reliability coefficient for each construct separately. Exploratory Factor Analysis (EFA) was applied using Principle Components Analysis (PCA) as method of convergence and Kaiser as the method of normalization. CFA was applied to confirm the factors identified through EFA. Structural equation Modeling was applied using AMOS 18 to check the relationship between independent variable & dependent variable and to test the model.

**Kaiser – Meyer – Olkin Measures of Sampling Adequacy and Bartlett's Test of Sphericity:** The results are shown in the Table 1:

Table 1: Kaiser – Meyer – Olkin measures of sampling adequacy and Bartlett's test of sphericity

S.No.	Variable Name	KMO Value	Bartlett's Test of Sphericity (Chi Square Value)	Significance Level
1.	Depression	0.742	93.938	0.000
2.	Abusive Supervision	0.748	78.062	0.000
3.	Organizational Deviance	0.831	145.270	0.000

Kaiser – Meyer – Olkin Measures of Sampling Adequacy test was applied to check the adequacy of the sample in other words that data was normally distributed or not if the value of KMO lies between 0.5 to 1 then data is normally distributed. From the table we can see that all the measures having the value greater than 0.5 hence the data is quite adequate to consider it for factor analysis. Bartlett's Test of Sphericity test was applied to check the null hypothesis that item- to- item correlation matrix was an identity matrix. The hypothesis was tested through Chi- Square test; the values of Chi- Square for Depression (93.938), Abusive Supervision (78.062) and Organizational deviance (145.270), all are significant at 0% level of significance. Therefore, null hypothesis was rejected, indicating that the item- to- item correlation matrix is not an identity matrix and therefore data of all the measures were suitable for the factor analysis.

### Factor Analysis

Principle component factor analysis with Varimax Rotation was applied to find out the underlying factors of the questionnaire. The factor analysis for Depression resulted in 3 factors; factor analysis for Abusive Supervision resulted in 3 factors, factor analysis for Organizational deviance resulted in 5 factors. The details about factors, the factor name, Eigen value, and items converged; factor loadings and variance% are shown in Table 2, 3 & 4:

### Depression

Table 2: Depression

Depression Items	Factor 1	Factor 2	Factor 3
Little interest or pleasure in doing things.			.882
Feeling down, depressed, or hopeless.		.784	
Trouble falling or staying asleep, or sleeping too much.	.718		
Feeling tired or having little energy		.800	
Poor appetite or overeating.	.692		
Feeling bad about yourself or that you are a failure, or have let yourself or your family down.		.652	
Trouble concentrating on things, such as reading the newspaper or watching television.		.576	
Moving or speaking so slowly that other people could have noticed. Or the opposite - being so fidgety or restless that you have been moving around a lot more than usual.		.833	
Thoughts that you would be better off dead, or of hurting yourself in some way.	.662		
<b>Eigen value</b>	<b>2.323</b>	<b>2.283</b>	<b>1.092</b>
<b>% of variance explained</b>	<b>25.816</b>	<b>25.368</b>	<b>12.132</b>

The scale was developed and extracted by Marc Corbiere (2014) and various factors were emerged namely, Organizational culture, lack of empathy, Stress, Poor work climate, Emotional instability, lack of interest, Prejudices, High performance expectations. In this study the data emerged in to three factors which were stress (F1), Emotional instability (F2) and Lack of interest (F3).

Table 3: Abusive supervision

Abusive Supervision Items	Factor 1	Factor 2	Factor 3
Puts me down in front of others		.729	
Invades my privacy	.781		
Reminds me of my past mistakes and failures			.928
Doesn't give me credit for jobs requiring a lot of effort		.558	
Breaks promises he/she makes			.774
Expresses anger at me when he/she is mad for another reason	.647		
Is rude to me	.725		
Tells me I'm incompetent		.853	
<b>Eigen value</b>	<b>2.207</b>	<b>1.944</b>	<b>1.188</b>
<b>% of variance explained</b>	<b>27.588</b>	<b>24.295</b>	<b>14.846</b>

The scale was developed and extracted by Samatha Kemper (2016) and various factors were emerged namely, Workplace mistreatment, Destructive leadership, Interpersonal conflicts, Bullying, Social undermining, Derogation of targets.

In this study the data emerged in to three factors which were Workplace mistreatment (F1), Destructive leadership (F2) and Social undermining (F3).



## Organizational Deviance

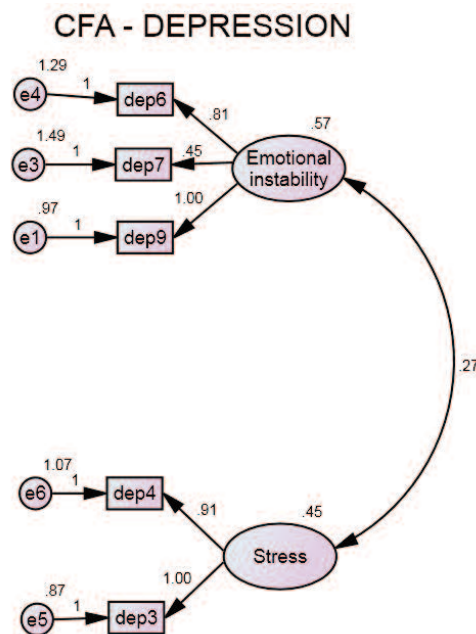
Table 4: Organizational deviance

Organizational Deviance Items	F1	F2	F3	F4	F5
Taken property from work without permission.					.805
Spent too much time fantasizing or daydreaming instead of working.	.866				
Falsified a receipt to get reimbursed for more money than they spent on business expenses.	.839				
Taken an additional or longer break than is acceptable at your workplace.					
Come in late to work without permission		.786			
Littered the Workplace deviance.					
Neglected to follow your boss's instructions.			.783		
Intentionally worked slower than he/she could have worked.		.584			
Discussed confidential company information with an unauthorized person.					
Used an illegal drug or consumed alcohol on the job.					.841
Put little effort into his/her work.			.604		
Dragged out his/her work in order to get overtime				.896	
Eigen value	2.119	1.936	1.842	1.829	1.103
% of variance explained	17.660	16.135	15.353	15.245	9.192

The scale was developed and extracted by Rebecca. J. Bennet (2000) and Misbah Nasir (2012) and various factors were emerged namely, Frustration, Normlessness, Perceived injustice, Machiavellianism, Low job involvement, Lower job satisfaction, Organizational injustice, Lower citizenship behavior, Organizational environment, Violation of rules. In this study the data emerged into Five factors which were Low Job involvement (F1), Normlessness (F2), Lower Job satisfaction (F3), Lower Citizenship behavior (F4), Violation of rules (F5).

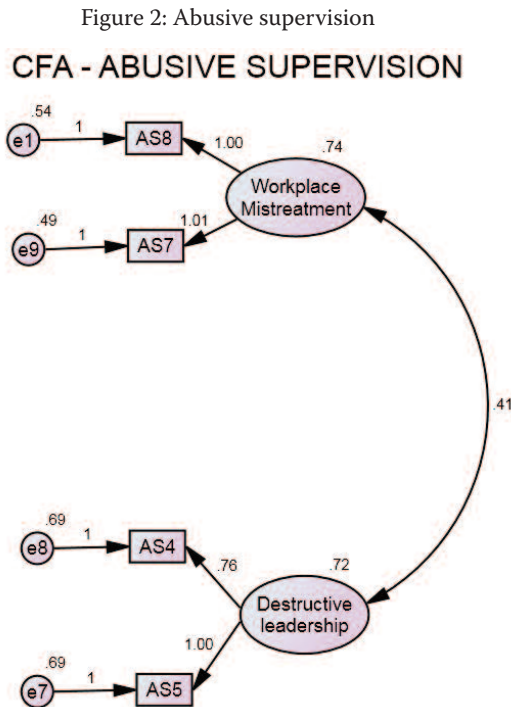
## Confirmatory factor analysis

Figure 1: Depression



After applying EFA on Depression 3 factors were identified Stress (4 items) and Emotional Instability (4 items) and Lack of interest (1 item). CFA was applied and to improve goodness fit some items were dropped from some of

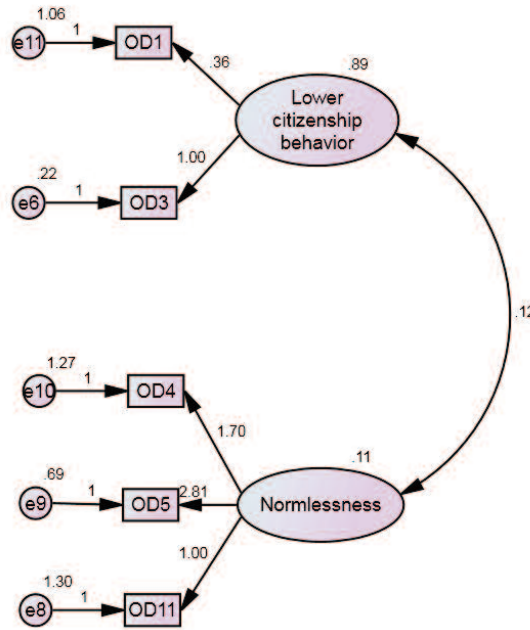
the factors. The final composition of factors after CFA two factors were remained Stress (2 items) and Emotional Instability (3 items) Therefore the final measure of Depression had five items converged. First of all goodness of fit indices were evaluated to test the model. Chi square value was found to be 2.572 significant at  $.632 \geq .05$  indicating that the model was having a good fit. Similarly the Cmin/df value was .643 which was less than 2 indicating that the model was a good fit. The value of other goodness of fit indices such as GFI was  $0.992 \geq 0.9$  as well as AGFI (.971) NFI (.933), CFI (1.000), TLI (1.125) were all above 0.9 as well as the parsimony values i.e. PNFI (.573) and PCFI (.682) were higher than 0.5 indicating a good fit. The badness of fit index RMSEA was .000 which is lower than 0.5 also indicating good model fit.



After applying EFA on Abusive supervision 3 factors were identified, Workplace Mistreatment (4 items), Destructive leadership (3 items) and Social undermining (1 item). CFA was applied and to improve goodness fit some items were dropped from some of the factors. The final composition of factors after CFA two factors were remained Workplace mistreatment (4 items) and Destructive leadership (3 items) Therefore the final measure of Abusive supervision had seven items converged.

First of all goodness of fit indices were evaluated to test the model. Chi square value was found to be 0.167 significant at  $.683 \geq .05$  indicating that the model was having a good fit. Similarly the Cmin/df value was .167 which was less than 2 indicating that the model was a good fit. The value of other goodness of fit indices such as GFI was  $0.999 \geq 0.9$  as well as AGFI (.994) NFI (.998), CFI (1.000), TLI (1.052) were all approximately above 0.9 as well as the parsimony values i.e. PNFI (.566) and PCFI (.767) were higher than 0.5 indicating a good fit. The badness of fit index RMSEA was .000 which is lower than 0.5 also indicating good model fit.

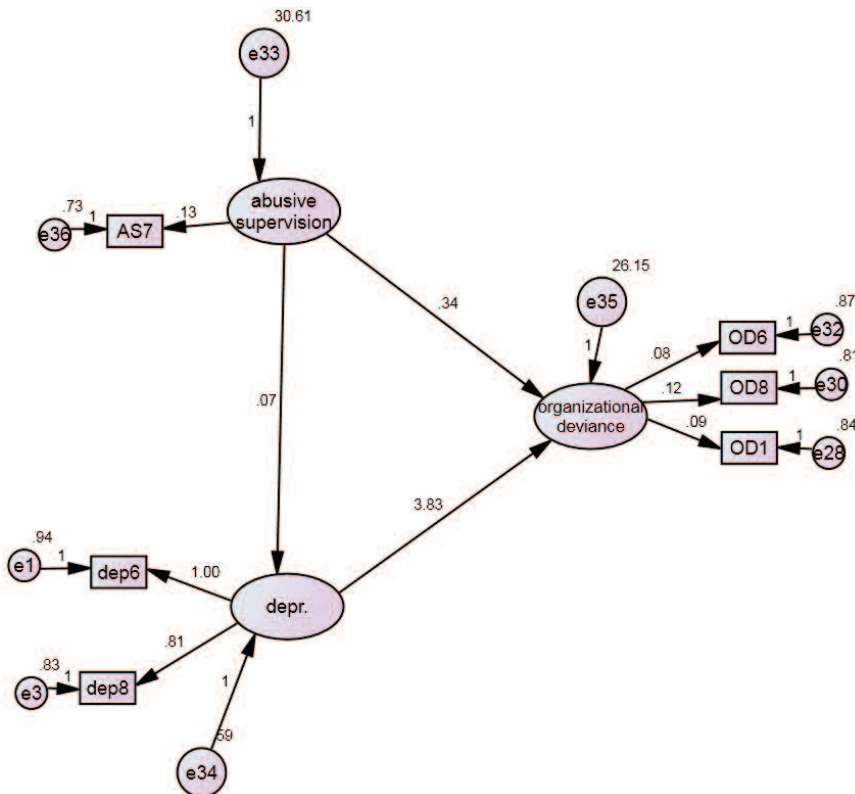
Figure 3: Organizational Deviance  
CFA - ORGANIZATIONAL DEVIANCE



After applying EFA on Abusive supervision 3 factors were identified, Workplace Mistreatment (4 items), Destructive leadership (3 items) and Social undermining (1 item). CFA was applied and to improve goodness fit some items were dropped from some of the factors. The final composition of factors after CFA two factors were remained Workplace mistreatment (4 items) and Destructive leadership (3 items) Therefore the final measure of Abusive supervision had seven items converged.

First of all goodness of fit indices were evaluated to test the model. Chi square value was found to be 1.782 significant at  $.776 \geq .05$  indicating that the model was having a good fit. Similarly the Cmin/df value was .446 which was less than 2 indicating that the model was a good fit. The value of other goodness of fit indices such as GFI was  $0.995 \geq 0.9$  as well as AGFI (.980) NFI (.960), CFI (1.000), TLI (1.159) were all approximately above 0.9 as well as the parsimony values i.e. PNFI (.584) and PCFI (.540) were higher than 0.5 indicating a good fit. The badness of fit index RMSEA was .000 which is lower than 0.5 also indicating good model fit.

Figure 4: Structural equation modeling:



Structural equation modeling was applied to test the model having Depression and Abusive supervision as independent variables and Organizational deviance as dependent variable. To fulfill the objective first impact of Depression on Abusive supervision was calculated and then impact of Abusive supervision and depression on Organizational deviance was calculated.

Initially model fit was evaluated based upon different criteria's such as: Chi Square was found to be 56.340 with a p-value of .282 which is  $\geq .05$  indicating that the model was having a good fit. The finding was also supported by value of Cmin/df (1.105) which was less than 2. The other goodness of fit statistics also supports the overall goodness of fit, as the value of GFI was 0.936, NFI, CFI and TLI was 0.864, 0.985, 0.980 respectively all are approximately  $\geq 0.9$ . Parsimony values i.e. PNFI (.668) and PCFI (.761) higher than 0.5. The badness of fit index RMSEA value was also  $\geq 0.05$  i.e. 0.028 indicating a good model fit.

The results of regression weights are given below in Table 5.

Table 5: Results of regression weights

Relationships		Estimate	S.E.	C.R.	P	
Depression	<---	Abusive supervision	.068	.018	3.691	***
Organizational deviance	<---	Depression	3.833	1.190	3.221	.001
Organizational deviance	<---	Abusive supervision	.343	.118	2.903	.004

## 6 DISCUSSION AND CONCLUSIONS

Table 5 shows that the regression value between Abusive supervision as independent variable and Depression as dependent variable was 0.068 significant at p value of 0.000. The regression value between Abusive supervision as independent variable and Organizational deviance as dependent variable was .343 significant at p-value of .004. The regression value between Depression as independent variable and Organizational deviance as dependent variable was 3.833 significant at p-value of .001.

Thus the results of the study show the positive and significant relationship between Depression, Abusive supervision and Organizational deviance. The results of the study tested through three hypotheses given below:

Table 5: Results of regression weights

Hypotheses	Relationship (P<0.05)	Significance	Result	Explanation
H1: Abusive supervision is positively related to Depression	Positive	Significant (.000)	Supported	The P value is Less than 0.05 which means that there is a significant and positive relationship between abusive supervision and depression i.e. More the abusive supervision, More will the chances of the employees getting depressed in workplace
H2: Abusive supervision is positively related to Organizational deviance	Positive	Significant (.004)	Supported	The P value is Less than 0.05 which means that there is a significant and positive relationship between abusive supervision and Organizational deviance i.e. Employees those are exposed to abusive supervision tend to show deviant behaviors in workplace
H3: Depression is positively related to Organizational deviance	Positive	Significant (.001)	Supported	The P value is Less than 0.05 which means that there is a significant and positive relationship between depression and Organizational deviance i.e. Depressed employees tend to show deviant behaviors in workplace

The results of the study were found consistent with the findings of Haar (2016), Schat et al. (2006), Tepper (2000), and Harvey et al. (2007). They also observed a positive relationship between abusive supervision and depression. Similarly the positive relationship of Abusive supervision and Organizational deviance was found to be consistent with the findings of various authors including Robinson and Greenberg (1998), Bennett and Robinson (2003), Ashforth (1997), and Tepper (2000). As well as the positive relationship of Depression and Organizational deviance were found consistent with the findings of Amyx and Douglas (2016).

Workplace deviance is voluntary behavior that violates significant organizational norms and, in doing so, threatens the well-being of the organization or its members, or both. In the current organizational context deviant behavior of employees is the major concern for the employers and the whole industry. There are many antecedents that cause the deviant behavior among employees but in the current study we considered depression and abusive supervision as its antecedents. Employees are facing various issues in their day to day lives like they are suffering from depression which is a result of poor working conditions, long working hours, Abusive supervision and less work life balance. The final results of the study revealed that there is a significant and positive effect of abusive supervision on depression as well as there is a significant and positive effect of depression and abusive supervision on organizational deviance.

Rude and violent supervision on a regular basis put employees into a depressive situation and may cause various deviant behaviors. It is recommended to the supervisors that they should be humble and cordial towards their employees while supervising.

#### **Future research directions and limitations**

First, the current study was done on the executives working in insurance sector companies of Gwalior region. The research can be conducted in different sectors and other areas to examine the change of results and understand the subjective nature of organizational deviance.

Second, small sample size was adopted in the current study due to time constraints and some situational factors also, thus a large sample size can be taken in the future researches.

Third, in the present study depression and abusive supervision were considered as the antecedents of organizational deviance but it is recommended to researchers to consider other antecedents which also cause deviant behaviors in employees.



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## Does the social and human capital of retrenched bankers matter in their reemployment?

Rosemary Boateng Coffie, Eric Henry Yeboah

### ABSTRACT

While studies on retrenchment in the developed world has been on the ascendency, that of information in many developing countries in recent times and the strategies employed towards reemployment have not been documented. The authors consider how the social and human capital theories aid the retrenched from the banking industry to be reemployed. The study focuses on how the retrenchment process causes a retrenched in a developing country to adopt a particular reemployment strategy. Findings suggest that the retrenchment process causes retrenched to increase their human and social capital aimed at reemployment or creating an opportunity for self-employment.

### KEY WORDS

retrenchment, retrenchment process, reemployment, self-employment, social capital, human capital

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## 1 INTRODUCTION

The banking industry worldwide, including that of Ghana, is being transformed. The worldwide strengths for change incorporate technological developments such as the introduction of electronic banking, the Automated Teller Machine (ATM) (Abor, 2004; Baba, 2012) the implementation of internet banking, telephone banking, Short Message Service (SMS) alerts, among others which are used to deploy banking services to the customers directly (Narteh, 2012). In addition, changes in government regulations in most developing countries have led to deregulation of the financial sector leading to the opening-up of the sector to worldwide competition. These developments have expanded the aggressive burdens on banks in the emerging economies and have prompted profound changes in the banking industry (Barney, 1991; Bryson, Ackerman, & Eden, 2007; Christman, 2000; Hawkins, 2001). Furthermore, increasing economic uncertainty and the financial crisis of 2007 and 2008 caused a reduction in the operations of international banks (Claessens & Van Horen, 2014). Cobbinah & Okpalaoberi (2012) assert that increasing evidence showed that the financial crisis negatively affected the financial banks' balance sheets and increased non-performing loans which ultimately had implications on the financial viability of the banking sector in the West African sub-region.

The technological innovations, increased competition and financial crisis have forced the banking sector to implement a range of actions, including plant closures and cutbacks (Hardy, 1986). Workers are frequently viewed essentially as objects that are either benefitting or costly to the organization and are therefore the first to be laid off when banks implement changes or are in difficulties. Banking institutions in West African countries continue to experience massive layoffs. For instance, in Nigeria, 3500 bank workers have been retrenched in the beginning of the year 2017 (Awulor, 2017, January 27th). The causes of retrenchment are not only attributed to the arguments above but also may come from the individual employee. For instance, employee dishonesty leading to fraudulent activities, including employee under performance (a situation where an employee cannot meet the expected requirement of

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the role being performed) can lead to retrenchment (Isa & Sharma, 2016). In a number of developing nations, progressive influxes of basic change projects have prompted a decrease in the quantity of formal employment and pay cuts in both the general population and private areas. This has moreover, disintegrated the budgetary base of statutory social protection plans (van Ginneken, 2003).

Research conducted on the reemployment patterns of retrenched employees indicates that more youthful and all the more exceptionally talented employees have far superior chances of reemployment in the labour market than employees with less skills and experience (Frosh, 2006; S. Weller & Webber, 1999). But is this also the case in a developing country like Ghana? Most studies conducted on retrenchment in the developed world show a negative effect on the individual which includes loss of self-esteem, being depressed, stressed, and unemployed, the expression of anger, shock, disbelief, denial, etc. which may later mean sentiments of double-crossing, disdain, unreliability, and weakness (Hall & Goodale, 1986; Modise, 2002; Richard, Bransted, & Milan, 1996). What is the situation for a retrenched employee in the developed world?

While the literature on retrenchment and labour market reintegration after retrenchment in the developed world where studies indicate the existence of the provision of social security which covers personnel and their dependents against unemployment, health, and other risks (Dethier, 2006) is extensive (Castrogiovanni & Bruton, 2000; De Witte, Vandoorne, Verlinden, & Cuyper, 2004; Dukelow & Considine, 2014; B. Lin, Lee, & Gibbs, 2008; Rotich & Muchiri, 2012; Waters, 2007), there is scanty literature from the angle of developing countries, where the situation is one of lack of social security provisions. Hence, when employees are retrenched in Ghana, and are not able to obtain social security support from the state:

*RQ1 Who do they turn to for support?*

*RQ2 What factors support them to be reemployed?*

*RQ3 How does the social and human capital of the retrenched employee support them to be reemployed?*

These questions will be answered by this study.

## 2 LITERATURE REVIEW

The literature begins with the creation on the understanding of retrenchment as a concept. Retrenchment has been practised widely in organisations especially in recession or restructuring periods (Gulati, Nohria, & Wohlgezogen, 2010). Retrenchment, like any social phenomenon, has been variously defined and differently conceived by scholars. Some academics use the term retrenchment to portray normal reactions of firms to a pending economic turmoil (Bibeault, 1982; D'Aveni, 1989; Gowen & Leonard, 1986; Hardy, 1986; Miller, 1977; Slatter, 1984). Different scholars have depicted retrenchment exercises as a strategy or a segment of operational arrangement (Hofer, 1980; Schendel & Patton, 1976), which is in contrast with the response to economic turmoil. Retrenchment has attracted different interpretations (Standing & Tokman, 1991). Various terms taken as retrenchment incorporate resizing, declining, rebuilding, re-arranging, re-designing, inclining up, streamlining, lessening in work power, rightsizing, scaling back, smearing, looking into, non-adjusting, uniting, authoritative change, downshifting and numerous others (Cameron, 1994). Each of these ideas may impart a few implications to retrenchment yet may create diverse meanings and criteria for evaluation. Retrenchment ought to be unmistakably characterised with a specific end goal to be definitely comprehended and measured (Oundo, 2011). Retrenchment has a relationship with 'termination'. On one hand when a worker's contract is terminated by an employer due to misconduct, it is termed as dismissal. On the other hand, when a worker's contract is terminated due to redundancy or restructuring, it is termed as retrenchment (Anantaraman, 2004).

### 2.1 RETRENCHMENT PROCESS

The retrenchment processes within every organisation are usually governed by the labour laws of countries within which they are implemented. In the USA, the Workers Adjustment and Retraining notification Act (WARN, 1988) forbids businesses from uncalled for rejection and secure specialists, their families, and groups by requiring most employers with 100 or more employees to give notice inside of 60 logbook days ahead of time of plant closings and mass cutbacks. Caution requires that notice ought to be given to workers' agents and the State Dislocated Worker Unit. Early notification gives workers and their families some time to conform to the planned loss of vocation, to look for and acquire different occupations, and, if essential, to enter expertise preparing or retraining that will permit these specialists to contend effectively in the employment market.

In the UK the past statutes, dating from the Contract of Employment Act ("Contracts of Employment Act," 1963), incorporated the Redundancy Payment Act ("Redundancy Payments Act," 1965), Employment Protection Act ("Employment Protection Act," 1975) and the Wages Act ("Wages Act," 1986). These Acts manage the rights that most employees can get when they work, including insurance against out of line rejection, the privilege to



sensible notification before layoff, time off rights for child bearing, and the like (UK-Government, 2014). In India, the Industrial Disputes Act ("Industrial Disputes Act," 1947), requires firms that utilise 50 or more employees to pay any worker who is to be retrenched. Furthermore, a revision to the Act, which got to be viable in 1984, requires firms that employ 100 or more workers to look for approval from the government before retrenching employees (Basu, Fields, & Debguta, 2000). In Ghana, the Labour Act ("Labour Act," 2003) suggests the procedure through which employers can follow to retrench employees. Section 65 of the Labour Act of Ghana suggests a written notice to the chief labour officer and the Trade Union concerned not later than three months of retrenchment contemplation. Within this time the employer must ensure to minimise the effects of retrenchment by paying a severance that has been negotiated by the employer and a representative of the employee ("Labour Act," 2003). Even though governments provide such laws to govern retrenchment, it is realised that most firms may have their own ways of implementing retrenchment aside seeking permission from the government.

The retrenchment process starts when an organisation establishes valid grounds that certain positions are going to be redundant due to financial downturn, takeover or merger with a competitor; rebuilding, or technological change, and ends when the employee leaves the organisation. Meagher (2012) citing Hammers laments that when employers want to make positions redundant, they must figure out which workers should be chosen for redeployment and/or retrenchment. Maphosa (2009) who gives advice to employers on retrenchment in South Africa, stresses on procedures to minimise the effects of retrenchment and said that as soon as a firm contemplates retrenchment, there must be an issue of a written notice inviting potential retrenchees or their representatives for consultation on a meaningful process of retrenchment which includes issues such as alternatives to retrenchment, and mechanisms to reduce the effects thereof. The author was of the opinion that in order to be procedurally fair, the employer must give reasonable prior notice to the supposed retrenchees on the commencement of consultation, including other practical steps the employer may decide to take over and above the legislative prescribed notice.

Munjuri (2011) deliberates on the retrenchment process and places emphasis on the criteria for selection. The author mentions that the criteria for selecting an employee for retrenchment must not be on grounds of race or sex, neither must it be on the worker's proposed nor real union enrolment or exercises or in view of union non-participation. But instead, perspectives, for example, abilities and capabilities, guidelines of work, inclination and participation and disciplinary record may be considered as well as the conventional element of length of employment. Konovsky (2000) stresses on the criteria for selection and indicates that those criteria for selecting employees to be retrenched must be done in agreement with the organisation and the employee's representatives. Pfadenhauer (2009) explained that it is better for the criteria to be more objective than subjective. Using subjective criteria to figure out who stays and who goes has clear characteristic dangers and gives no solid premise to supporting choices and countering ensuing cases of retrenchment. Utilising numerous criteria rather than a solitary measure enhances the quality and legitimacy of the choices made in figuring out which workers will be laid off especially when utilising evaluations of execution which may be weak independently, different appraisal strategies (performance analyses, information from client input frameworks, 360-degree appraisals, aptitude assessments, group/peer assessments, and so on.), expansion of the quality and objectivity of performance rankings (Sullivan, 2001 cited in Pfadenhauer, 2009). Kandula (2009) who contributed to the process of retrenchment was rather on the severance pay. He believed that severance payment is the key instrument for mitigating the negative effects of retrenchment and that workers are entitled to severance pay when retrenched and this should be in accordance with international and national laws.

## 2.2 REEMPLOYMENT AFTER RETRENCHMENT

Reemployment is an opportunity for retrenchees to return to employment. Research on reemployment after retrenchment in Australia indicated that involuntary job losers faced longer periods of unemployment and had poorer reemployment outcomes than other job losers (S. A. Weller, 2007). Research also indicates that workers with limited education had a higher rate of job loss than those with better-education (Farber, 2005; Munnell, Marric, & Sass, 2006; Rodriguez & Zavodny, 2003). However, the recurrent pattern of job loss is weaker for workers with more than a high school education, whose displacement rates do not increase as much during economic slowdowns as those for less-educated workers. Again, job loss has been increasing for well-educated workers, but not for those with education lower than a high school diploma (Farber, 2005; Munnell et al., 2006). Furthermore, though the age of a retrenchee is a determinant of many employment-related outcomes which characterises labour market chances (Rosigno, Mong, Byron, & Tester, 2007) predictable access rates suggest that when an individual is retrenched around age 50, there is a 70%–75% chances of getting reemployed within 2 years of a job loss. Some group of academics that tracked the reemployment patterns of the unemployed individuals found that reemployment reverses the negative effects of unemployment (Kessler, Tuner, & House, 1989; Vinokur & Schull, 2002).

The threat of retrenchment is a displacement event that may trigger entrepreneurial intentions as it may force people to think beyond employment (Rotich & Muchiri, 2012). Most often the idea of entering into entrepreneurship is a necessity or an opportunity for the retrenched employee. Reynolds et al. (2005) studies on the Global Entrepreneurship Monitor (GEM) in 2003, a data on entrepreneurial intentions distinguishes between “opportunity entrepreneurs”, and necessity entrepreneurs. The “opportunity entrepreneurs” are those who take advantage of a business opportunity, and the “necessity entrepreneurs”, are those who had no better choices for work but to try and start their own small businesses. Kayne and Altman (2005) are of the opinion that the necessity Entrepreneurs tends to be higher in developing countries than the developed countries. Acs, Desai, and Hessels (2008) commenting on the subject opine that displacement events are like a ‘push or pull’ events. The push factors have negative connotations and may limit opportunities for private enterprise. The pull factors are rather positive and may motivate individuals to start businesses (Kirkwood, 2009). Shapero and Sokol (1982) further maintain that one must lose a job in order to have the intent to start a business. In this case, an event like the threat of retrenchment may be the push factor that forces retrenched employees face their economic reality head on and decide to start a venture (Kayne & Altman, 2005). Consequently, losing a job could be a stimulus for an employee to start a business. Therefore, entrepreneurship as an economic development strategy may emerge in response to loss of employment (Rotich & Muchiri, 2012).

McGowan (2013) is of the firm conviction that retrenched workers unnecessarily avail themselves of a lot of traumatic devastations without exploring the numerous opportunities self-employment offers. Retrenchment is an opportunity, even though a lot of people are knocked off their feet without giving considerations to the establishment of their own businesses. According to him, retrenchment removes the safety net and makes people assess their opportunities. He gives several instances of people who suffered retrenchment, went into self-employment and enormously succeeded. Armstrong, Bailey, de Ruyter, Mahdon, and Thomas (2008) outline that many retrenched start their own businesses after retrenchment, whilst some remain hopeful to re-enter the formal wage-earning sector. The authors laud the need to seek solace in self-employment as McGowan (2013) does but condition it on the final and technical capacity of the individual to do so. Closely related to the arguments for self-employment after retrenchment is the position held by Down (2010) who admits that even though self-employment becomes a difficult pursuable option for most retrenched employees, it remains the viable option to alleviate economic and status degradation. Parker (2009) digresses from the position of Down (2010) and McGowan (2013). His point of disagreement is their insistence on the ease and desirability of self-employment compared to formal or wage employment. He is of the opinion that given the opportunity, many employees would opt for wage employment instead of self-employment. He indicates that evidence has shown that longer unemployment durations are associated with significantly higher probabilities of transitions into self-employment. It is not the desirability of self-employment over formal employment. According to him, unemployment duration rather than inconvenience with formal employment is what drives changes in aggregate rate of entrepreneurship.

### 2.3 THE HUMAN AND SOCIAL CAPITAL THEORY

This study is guided by the Social and Human Capital Theories which are considered as complementing each other to aid the retrenchee to cope better with retrenchment and get reintegrated into the labour market. Again, these theories were adopted for the study because the social capital theory alone cannot help the retrenchee to be reemployed. Certainly, an amount of human capital is required for labour market reintegration for the retrenchee. Even though there could be a strong argument for these theories to stand alone to aid reemployment, a combination of the two will speed up reemployment better in a developing country like Ghana.

The human capital literature concentrates on the attributes of the individual, such as education and experience which represent an asset at both individual and organisational level. Higher compensation is linked to further human capital as financing human capital produces higher rates on return (Becker, 1996, p. pg 24). According to N. Lin (2008) social capital is classified as potential resources that are within an actor’s reach of networks that can be mobilised through ties in the networks to generate a return for the actor. Social capital is not a characteristic of persons; neither is it an asset. However, the level of social capital individuals can access is an outcome of their position in social networks. Due to its relationship nature, social capital is an important resource for individuals and organisations, as it complements other resources that individuals and organisations control. The diverse form of human capital and social capital may interact to produce joint effects on productivity. Some people may have less human capital but more social capital, or vice versa.

When individuals utilise their contacts to help tackle complex issues, social capital has added to efficiency contributed to productivity only if the dialogue associates are able to understand each other and together create new solutions. On the other hand, when people convey to tackle complex issues, we expect a cooperation impact in the middle of human and social capital so that much (low) human capital together with much (less) social capital builds (diminishes) profitability (Greve, Benassi, & Dag-Sti, 2010). This will depend on how much of each theory is



demanded for the said problem. Human capital, which is picked up from formal education, is viewed as a source of bland capacities, insight and aptitudes which produces a more extensive individual information base through subjective thinking, intellectual handling and critical thinking abilities (Bierly, Damanpour, & Santoro, 2009).

Human Capital mirrors a motivational requirement for achievement (Hatch and Dyer 2004), and prompts an augmentation in responsibility and exertion dedicated to further information seeking, obtaining and understanding (De Clercq, Sapienza, & Crijns, 2005). Social capital, then again, alludes to the capacity of performing artists, both people and associations to benefit from their social structures, systems and group based connections (Portes, 1998). It is said that individuals with elevated amounts of formal education are relied upon to be more open to new thoughts and change (Becker, 1996). Consequently, to be interested in new thoughts requests an interest in social capital which gives further learning collection and impact perception which regulates securing absorption as well as abuse systems for more powerful and proficient future data handling (Bierly et al., 2009). Bridging social capital or loose network associations with other specialists (weak ties) functions as an interface for the exchange of unavailable information and scarce resources. Holding social capital or relations with family and dear companions (strong ties) is established in interpersonal trust, and can furnish a person with lasting access to a restricted measure of particular assets for example exhortation or help (Davidson & Honig, 2003; Granovetter, 1977).

The exploration of the social capital theory by Granovetter (1977) shows that tie quality influences the advantages that can be gotten from a particular relationship. Zahra and George (2002) mostly advocate the significance of strong ties or holding social capital. On the other hand, Todorova and Durisin (2007) highlight the noteworthiness of weak ties or crossing over social capital, particularly, as for getting to novel data. Closeness, long length of time, continuous cooperation and more obvious or summed up trust are qualities of holding social capital (or strong ties) (Smith, Halton, and Mitchel 2011), while capacities, insight and aptitudes are attributes of human capital. May be, a suitable conclusion would be to expect that holding social capital enhances the information and collaboration, which expands a retrenched staff information base and can foster a better coping and reemployment.

## 2.4 SOCIAL CAPITAL AND REEMPLOYMENT

Getting a job is one of the best-known uses of networks. For instance, individuals in highly placed occupations, or those positioned on the organisational boundary, often engage professionally with other high-status individuals as a good resource. These actors access resources of information, status, and influence by virtue of their positions in a stratified occupational hierarchy (N. Lin, 1999). These interpersonal networks then act as channels that organise patterns of patronage and opportunity hoarding (Benton, 2013). This specifies one set of mechanisms through which individuals may access scarce resources and hoard opportunities. Highly positioned actors have greater access to high-status alters. In turn, these arrangements allow privileged groups to hoard opportunities to enhance productivity in work organisations. Hierarchically embedded ties act as firm embedded mechanisms that help to reproduce economic inequality (Benton, 2013).

Stone, Gray, and Hughes (2003) working on social capital, analysed how family, friends and civic ties relate to labour market outcomes. They based their arguments on the categorisations of social capital. The first type of social network which is classified as informal ties includes relationships with members of household, family and family-in-laws, friends, neighbours, and workmates. The second type is generalised relationships, which are community based, and societal relationships people have with others they do not know personally, including local people, people in general, and people in civic groups. The third type of social network is institutional relationships, which are the ties individuals have with institutions including the legal system, the police, the media, labour unions, governments, political parties, universities, and the corporate world. On reemployment and social capital, Stone et al. (2003) believe that there is evidence that informal channels as well as formal job search mechanisms are important in the process of job matching. The authors cite Holzer (1988) who posits that different job search methods lead to the probability of receiving a job offer. The author reiterates two most commonly used methods, 'friends and relatives' and direct approaches to employers are also the most effective in terms of generating job offers. Job offers generated through 'friends and relatives' also have a much higher acceptance rate than those generated by other search methods. Stone et al. (2003) bring into prominence the inalienable function of social capital in reemployment.

Ioannides and Datcher Loury (2004) advance an argument for social capital and reemployment in a fashion not different from that of (Stone et al., 2003). They make an analysis to the effect that the vast majority, (about 25 to 80 percent of people) do not find jobs through advertisements, head hunters, electronic bulletin boards or other formal methods. According to them, social network has come to be one sure way to securing reemployment after retrenchment. Even though they admit that other factors are potent, social capital as insurance to reemployment is supreme. Piracha, Tani, and Vaira-Lucero (2016) digress from the earlier arguments to conclude that even though social capital is necessary in reemployment, it is only so in white collar jobs. They distinguish between white and

blue-collar jobs and hold the view that the only instance where social capital is necessary is the search for white collar jobs.

## 2.5 HUMAN CAPITAL AND REEMPLOYMENT

Do the knowledge, skills and capabilities of the retrenched have anything to do with reemployment? Grubb and Lazerson (2009), answering that question contend that in the perspective of the individual in the external market, a retrenched individual's human capital affects his or her job-seeking and employable opportunities. On the internalised human capital, an individual easily holds the possibility to access job-related information with high level of human capital, and thereafter he or she can easily obtain the occupational chances, compared to otherwise.

With respect to organisations, Beach (2009), proposes that the capability of human capital is firmly connected to focus abilities and aggressiveness of the organisation. He indicates that individual human capital can affect organisational human capital, such as collective competences, organisational routines, company culture and relational capital as well. Consequently, organisations give credence to job seekers with high levels of human capital. Retrenched employees with high level of human capital therefore have an enhanced capacity to secure reemployment easily. Beach (2009), contends that the social perspective of human capital is the synthesis of both individual and organisational perspective. He depicts the possibility of human capital not only as a mechanism for cushioning those affected by retrenchment but also as capable of increasing their chances of securing reemployment smoothly. He indicates that, human capital can build social cognizance of constituents inside of a group. Consequently, the connection between human capital and social awareness depends on a relationship bringing about social and individual advancement. Sidorkin (2007) shares the same sentiments as Beach (2009) to the extent that he also touts the ease with which a former employee with a strong human capital can secure reemployment. He believes that higher human capital produces self-confidence and self-assurance which are indispensable ingredients for securing employment. According to him, sound education, rich corporate experience and self-confidence are the primary benchmarks for reemployment. Consequently, a retrenchee who has in possession these human capital qualities have increased potential of being reemployed.

## 3 METHODOLOGY

This research adopted an exploratory qualitative case study approach to investigate the retrenched staff's reemployment strategies. The case selection was based on a bank that has carried out a retrenchment activity before which renders it a unique characteristic for this study. The total participants for the study was 41. Participants categorisation were 38 retrenchees from the bank used for the study and 3 employees of the Human Resource Department of the bank. The staff of the Human Resource Department were included because they implemented and also held information on retrenchment in the bank. A purposive sampling approach was used to select respondents from the human resource department of the bank. The criteria for the selection was based on staff who had taken part in a retrenchment exercise and were knowledgeable about the phenomenon. Due to the difficulty in identifying and accessing the retrenched staff the snowball approach also known as chain referral sampling method was used. Hence the number used for the study was arrived at the saturation point when no new information was being generated. Data was collected within the months of March through to October 2014.

A semi-structured interview was used to collect data from the retrenched staff. This type of interview technique allowed the researchers to delve well into the retrenchment process as experienced by the affected, and how they got back into the labour market. The interview guide for the retrenched employees were categorised under these themes:

1. Participant's procedural experience with the retrenchment process;
  2. Participant's experience with the immediate effects of the retrenchment;
  3. Participant's experience with the use of the social networks for coping; and
  4. Participants experience with the use of human capital (skills, experience etc.) for coping.
- Under each category there were set of questions to probe for information for that theme.

The semi-structured interview for the bank staff was also categorised under four themes which included:

1. The bank's reasons for retrenchment;
2. Banks experiences in the process of retrenchment;
3. Bank's experience with the criteria for selecting the employee for retrenchment; and
4. Banks experience with preparations (severance package, training etc.) for the selected employee to exit.

Respondents were interviewed in their work places (the self-employed ones) and their homes (those employed in the banking sector). The in-depth interviews conducted were tape recorded with the consent of the participants after they had been assured of anonymity. Documents like the banks retrenchment brochures and the labour act

were employed to support the data collected to understand the legal issues about the phenomenon under study and banks processes of retrenchment. Data was transcribed and grouped into nodes and codes and the themes identified from them were analysed with the comparative content analysis method. To ensure validity in this study, member checking also known as respondent validation was used. In this strategy, the researcher solicited participants' views on the credibility of the findings and interpretations by taking the data analysis, interpretations and conclusions back to the participants for them to judge the accuracy and credibility of the account (Creswell, 2007; Merriam, 2009). Stake (1995), explains that, in member checking strategy, participants play a major role in directing the case study research.

To ensure reliability in this study, the Audit Trail, also known as the thick rich description was used. The audit trail as suggested by Denzin (1989) is a record which substantiates the findings of a study through a researcher's ability to describe the setting of the study, the participants and the themes used for a study to arrive at the findings of this study. With this method, independent readers can authenticate the findings of a study by following the trail of the researcher. In other words, a detailed description of how data were collected, how they were categorised and how decisions were made throughout the analysis of the research has been portrayed at the methodology section for the benefit of readers to follow. The researcher believes that by following the methods closely, reliability should be achieved.

## 4 RESULTS OF THE STUDY

The study sought to find out on how the retrenchment process impact on the reemployment patterns of retrenchees. It is evident that the retrenchment process adopted by employers has a negative effect on the reemployment of the retrenchees. This is due to the fact that each stage in the retrenchment process must be done carefully. Employers who have not had an objective selection criterion has diminished the interest of retrenchees who look forward to work for another employer. One of the fundamental motives for bank employees to have a positive attitude towards a second career path in the entrepreneurial economy is insecurity about the banking job. Factors such as the risk of retrenchment, restructuring, the getting lean concept in the formal economy, equity and high unemployment can lead to bank employees becoming necessity entrepreneurs (Reynolds et al., 2005).

The results of the study revealed that the selection criteria for the affected were not transparent as the bank relies on the performance of a branch as well as its employees to determine who is affected by retrenchment. Branch managers who knew their branches were doing so well including their employees were surprised to see some of their employees affected by the retrenchment decision. To them there could be a hidden criterion to determine who goes home. Another important aspect of the retrenchment process was the mode of communicating the retrenchment news which had some inconsistencies. It was evident that in this instance the bank had no standard of agreement on whom and how the news on retrenchment is communicated to the affected staff. Hence, a branch manager communicated the retrenchment news in a branch, on another occasion an area manager did it. It was also evident that those members of staff that were supposed to transmit the retrenchment news did not know how to go about it due to the difficult nature of conveying such news. Even though the bank created the awareness in the working environment about the implementation of retrenchment, it was a general impression. However, the actual affected staff only got to hear the retrenchment news when they showed up for work one day which was quite abrupt to them. To them a long notice would be better.

Interviewing the respondents, the results showed that some decisions taken by the retrenchees not to work for another employer had emanated from the retrenchment process. The fact that they only got to know about their retrenchment on the day they had turned up for work was enough for them to give up working for someone. Retrenchees who were affected by such situations had this to say:

*R1: 'The way they went about the retrenchment process was what so many of us were not happy about. You see, it was as if we were being pushed out. We had worked so long for the bank, and if we were to leave at least it should be in a manner that people will say, we knew you were going to inform us. So many of our friends within the bank we could not even tell them we were leaving we came to work one Wednesday and then Friday we were locked out of the system (system refers to a computer log on process usually done each morning by employees with a password) just like that we could not go in. We could not work because they said we were leaving..... I finally decided to work for myself since I cannot see myself go through such situations again.'*

*R2: 'My experience was a bit traumatic because you cannot just imagine when you are working and all of a sudden, you had that fear that very soon you would go out of work. And that's a very bad experience I had, and it was my*



*first, time for example, to think about it. So, it wasn't a very good experience for me. Well am doing what you see me do now because I think it's better than working for someone.'*

#### 4.1 STRATEGIES FOR REEMPLOYMENT

Retrenchment is more of a burden to individuals as they see it as a challenge and hence begin finding ways to solve them. Positive reemployment strategies effectively reduce stress and also avert future reactions. An individual who exercises or employs good reemployment strategies is likely to be motivated, push through and tackle challenges, achieve his/her goals, have better health and build better relationships. Most retrenched staff begin searching for alternatives to the retrenchment to avoid being in a predicament. Referencing from the study, some retrenched staff who saw reemployment as the only way to cope had this to say:

*R3: 'I had to gather myself. Start writing my CV all over again and then try to see if I could get some job offers in the labour market. But what I got were some private jobs, with which the owners can decide at any time to fire you. As at now I am still looking.'*

*R4: 'I had to reprocess myself and start looking for job. So, I was looking for job and fortunately I had one at Sight Savers company before coming to..... as their accountant.'*

People easily find ways to reemployment and self-employment. Some through connections and affiliations with friends, families and affiliations as well as their enhanced skills through training and capacity building to secure new jobs. Severance packages and savings also serve as start-up capitals for most staff venturing into self-employment as a coping mechanism. It is obvious that each individual has their own way of coping with retrenchment and these mechanisms help them reduce stress associated with job loss. The major contributory factor to coping is reemployment or self-employment. These are avenues in which retrenched staff got back into the labour market through their social capital networks such as family and friends. Contributing, to this a retrenched staff who got reemployed through the help of a friend indicated that:

*R6: 'There was this friend I had worked with earlier at the bank. He was also a branch manager there before leaving, so he had the opportunity to join women's world banking and was posted to Takoradi. But he had barely done three months when he had another job with First National. Yeah so, he decided to resign from this place, but you know, he was given a condition to make a replacement before they will leave him to go. That was when he called me to find out whether am interested. Fortunately, the CEO happened to be my direct boss whilst I was in Adot bank before leaving. So, he knew me very well, so once he knew I was the one coming to replace, err he didn't have any issue.'*

Inference made out of this is that using Social capital for reemployment depends on the connections or affiliations an individual has. Comments of the respondents thus uphold Lin's (1999) view that "Social capital is embedded in one's social networks and that resources can be accessed or mobilised through ties in the networks".

Other retrenched staff got reemployed through human capital based on their age, education, skills and experience which manifested most in jobs with resemblance to theirs. A high level of human capital had an enhanced capacity to secure reemployment. Contributing to the study, a retrenchee who had gained a job in another bank based on his experience said:

*R7: 'Yes, I believe it is based on the experience..... and the fact that I have worked in a bank before, that's what any new organization based on to grant me a job opportunity.'*

Another retrenchee who happened to gain employment into another bank because he was young, had a Master's degree and experience from working in a bank said that:

*R8: 'Well, you know, once I was a young person and I believe that I have some education, some few experiences, working with the bank, I had to start moving on. Look for other opportunities elsewhere. And that is how come finally, I was able to land another job and now am happily working.'*

It is imperative to note that organisations recruit employees with higher level of human capital. An employee's expertise is a prerequisite in him securing a job and the level of his skill determines his capabilities and competence. This expertise is garnered from education.

Also, an amalgamation of both the social and human capital was employed for reemployment. Here both the affiliations of staff and their expertise came to play in the securing of new jobs. Retrenched staff contributions confirm this fact. A Retrenchee who combined both social and human capital in the form of skill, experience and friends for reemployment said that:

*R9: 'Ok. I started talking to friends, prior to working with my bank; I had worked with other banks. So, I spoke to someone who had trained me in one of the banks before then he was with Energy bank. And he said oh okay let me find out. So, I had a call to present my CV. Luckily, I was called for interview. Well the interview was okay because I had the experience.... So, it was through a friend. That...yeah opened the doors for me.'*

A Retrenchee who had a skill in information technology capitalised on it and used friends to get to where he is now. Commenting on how he got the job, he indicated that:

*R10: 'Oh. Now, am just an administrator for Allied Oil Company which is an Oil Marketing Company..... as I said earlier; I had other skills which I fall on to do my work...so I spoke to a friend, he works there and he knew my skills so when he needed someone, he contacted me as to whether I am interested or not' and that's how I got a job.*

Self-employment was a key reemployment measure as most retrenched used their severance package and other income from their savings to start-up businesses. Mostly, retrenched staff used the experience and expertise gained from training in financial resource and entrepreneurship development coupled with their education and knowledge on financial management to run these businesses. These businesses have now flourished and serve as employment for other unemployed persons within the country.

## 5 DISCUSSION

The study investigated the retrenchment process and the factors that aided the retrenched staff to be reemployed. Information gathered revealed that:

1. The retrenchment process can be a determinant for business start-up.
2. Retrenched bankers get reemployed through friends, parents and so on (use of Social Capital).
3. Retrenched bankers get reemployed based on their experience on the banking job, education and skills (use of Human Capital).
4. In a developing country like Ghana, a combination of the use of human and social capital can enhance reemployment.

A confirmation of the above reflected in the results of the study where some of the respondents got reemployed through friends with others through their parents. According to this study, some retrenched staff had been reemployed in other banks whereas others had been reemployed in other sectors other than the banking industry. Some were self-employed whereas others were unemployed. These respondents had to rely on such social capital provisions due to the lack of social welfare provisions within the country they reside. On the other hand, some respondents gained their reemployment through the human capital they had. The factors revealed from the responses were based on age, education, skills and experience. This mostly manifested in those who had jobs in the same industry (banking) and felt like transfer of skills and experience had happened. To them, there were no new things to learn as jobs were related. It is believed that retrenched employees with high level of human capital have an enhanced capacity to secure reemployment easily. It was also evident that most retrenched staff wanted to go back into the banking job again, as they still wanted to enjoy the prestigious nature of it.

Grubb and Lazerson (2009), contend that, in the perspective of individuals in the external market, a retrenched individual's human capital affects their job-seeking and employable opportunities. On the internalised human capital, an individual easily holds the possibility to access job-related information if they have a high level of human capital, and thereafter can easily obtain the occupational chances compared to otherwise. Beach (2009) suggests that the potential of human capital is closely linked to core competences and competitiveness of organisations. He indicates that individual human capital can affect organisational human capital, such as collective competences, organisational routines, company culture and relational capital. Consequently, organisations give credence to job seekers with high level of human capital. Retrenched employees with high level of human capital, therefore have an enhanced capacity to secure reemployment easily.

Other retrenched staff were reluctant to be reemployed and work for another employer due to the retrenchment process experienced and, hence, resorted to being self-employed. Those retrenched staff who wanted to go into self-employment did so out of the stress and hurt they experienced from working for somebody and the fear of being retrenched again. A large proportion of the labour force apparently would like to be bosses of their businesses. Self-employment presents an opportunity for the individual to set their own schedule, to work when they like, to answer to nobody and possibly to become rich. Modise (2002), working on retrenchment and self-employment, concede that although some retrenched employees are able to get involved in entrepreneurial activities by opening their own businesses, most of these businesses fail due to the lack of skills and training regarding financial management, and many aspiring entrepreneurs end up in debt with wholesalers. Individuals rely on income accrued from their jobs for their survival. With regard to people working in the formal sector, like the banking industry, who are entitled to monthly salaries and other benefits based on the bank's remuneration structure, this income facilitates the provision of financial and material support for their daily upkeep as well as their families'.

Some respondents who felt that seeking for reemployment with friends and family alone cannot help them, used their knowledge skills and capabilities as well. To them, talking to friends alone was not enough but showing the ability to do the job at hand created a better opportunity for them. This finding supports Greve et al's (2010)

study which concludes that a diverse form of human and social capital may interact to produce joint effects on productivity. Some people may have less human capital but more social capital, or vice versa.

## 6 CONCLUSION AND FURTHER STUDIES

This study has revealed that the social and human capital is not only used to cope socially from the developing country point of view, retrenchees from the banks in the developing world use both social and human capital to cope with retrenchment and be reintegrated into the labour market, through reemployment or self-employment. This is due to the absence of the provision of social welfare for the retrenchee in these areas. It is evident that some of the retrenchees, due to the hurt and loss of self-esteem arising from the retrenchment do not want to work for someone else again and therefore became self-employed. This presents a clear evidence that retrenchment is a necessity or an opportunity for self-employment. Even though getting access to respondents for this study was quite a difficult one due to their status in Ghana, hence, the adoption of a snowball sampling technique, this study has shown the reemployment patterns of the retrenchee from the developing country point of view and has also shown how the social and human capital theory can be used by the retrenched for a positive reemployment. Future studies can examine the study from a quantitative point of view since this study used the qualitative approach. Moreover, our study shows how the retrenchment process can lead to withdrawal of the retrenchee towards being reemployed, a future study can also be conducted to look at how the retrenchment process can be used to enhance reemployment patterns from a developing country point of view. It is recommended that retrenchment decisions by employers include a training aspect specifically to enable retrenchees get back into employment. Bank staff should be encouraged to upgrade themselves academically and professionally whilst on the job to facilitate reemployment after retrenchment. Again banks may decide to retrench but this can affect the individual employee negatively. It is therefore imperative for banks to develop a corporate strategy that is based on objectivity. Again it is important for a proper negotiation to be done by the unions to determine a better retrenchment process to avoid acrimony between the employee and the employer.



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## Leadership behaviours that nurture organizational trust: Re-examining the fundamentals

Canute S. Thompson

### ABSTRACT

This study examines the variable of trust in organizational relationships and found six leadership behaviors that foster trust. Using a confirmatory factor analysis, these leadership behaviors were examined to see the nature of the relationships among latent variables. The goal of the research was to establish whether there were some fundamental qualities that characterized trust-producing leadership behaviours. The study used data that were gathered from a survey among teachers in Jamaica. The participants work at various levels of the Jamaican education system and they were selected using a convenience sampling technique. The research is timely given the growing evidence of mistrust among leaders and followers in organizations and its findings are significant in that it offers a new and more nuanced perspective on the kinds of leadership behaviours that nurture organizational trust. The instrument used to collect the data was designed by the researcher and tested for reliability using Cronbach's Alpha and produced a result of .938. The study proposes recommendations for improving organizational trust.

### KEY WORDS

leadership behaviors, trust, organizational health, employee well-being

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## 1 INTRODUCTION

One of the inevitable imperatives of effective leadership is that of inspiring and winning the trust of others. A leader can hardly be effective if he or she is not trusted. Hurley (2006), in a Harvard Business Review article entitled "The Decision to Trust", discloses that his research across thirty companies globally, involving some four hundred and fifty executives, revealed that almost half of all managers did not trust their leaders. Leaders operating in those circumstances are not likely to be effective as many, if not most, of their communications and decisions are likely to be viewed suspiciously. On the other hand, when leaders are trusted they are given the benefit of the doubt in situations in which stakeholders are given limited information about the process and purpose of particular decisions. Hurley cites a similar study conducted by Harris (2002), which uncovers a similar unhealthy situation with 69% of respondents agreeing that the statement "I just don't know who to trust anymore" reflected the way they felt. Building trust is an essential leadership and management activity as it influences successful cooperation and efficiency in the organization, (McAllister, 1995; Nooteboom 2002). Trust creates the conditions for innovation and learning in the organization according to Bartsch, Ebers and Maurer (2013), as well as builds friendships as Gibbons (2004), argues. Trust is the life blood of all healthy relationships.

Given the pivotal importance of trust for all relationships, including relationships in the workplace, there can be no doubt that studying the issue is highly timely, relevant and meaningful as Savolainen and Hakkinen (2011), have suggested. Thompson, Burke, King and Wong (2017), have highlighted the problem of de-motivation affecting the workplace and the implications of de-motivated employees for an efficient and effective organization. Distrust in an organization, like de-motivation, has grave implications for organizational profitability and efficiency. Distrust affects an organization's performance negatively as high levels of trust affect performance positively. The issue of trust, therefore, is a major bottom-line issue.

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In my work in the public education system I discovered that there were deep layers of distrust and I thus became interested in sharpening my understanding of what leadership behaviors would lead to improved trust. Given the pivotal nature of trust to the effective functioning of an organization and what I have learnt about the concerns of teachers, this study seeks to examine what factors or leadership behaviours advance or promote trust-building. The basic argument of this paper is that if trust is strong then organizations are better off, thus any behavior that would tend to promote trust is good for the organization.

Trust is vital to every valued relationship and is one of the most critical assets of a leader according to Rezaei, Salehi, Shafiei and Sabet (2012). The health and well-being of an organization and its employees depend on trust and the leader's behavior, more than that of anyone else in the organization is important in determining the level of trust that exists in the organization (Rezaei et al., 2012). There are high levels of distrust in organizations and organizations cannot function effectively without trust. The issue of trust is as much a psychological and sociological issue as it is a managerial issue. It is therefore imperative that strategies for building and maintaining trust and providing insights on trust-building behaviors be undertaken. This study seeks to undertake the task of exploring ways through which organizations can build and maintain trusting relationships between leaders and employees.

The study seeks to answer two questions, namely:

- (i) What are the factors of trust-producing leadership behaviors that leaders of organizations may adopt in order to respond to the needs and expectations of employees?
- (ii) To what extent are these trust-producing behaviors related and how significant is the relationship between these trust-producing leadership behaviours and the related factors?

This study is significant for at least three reasons. Firstly, the issue of distrust is a major contributor to problems such as employee withdrawal, lack of commitment, underperformance (Molm, 2003). Trust influences organizational processes such as communication, cooperation, and information sharing, and it affects productivity. Employee withdrawal and lack of commitment have implications for organizational productivity and ultimately the quality and cost goods and services to the customer. Given these considerations, any attempt to understand and overcome problems of distrust in organizations is a valuable undertaking. This study is significant in that it seeks to add to the body of knowledge that proposes solutions to the problem distrust, but more critically to the processes of advancing trust.

This study indirectly critiques traditional ways that were assumed to be trust-building such as simply giving rousing motivational speeches that proclaim the good will of leaders. These approaches have been found to be ineffective ways of building trust. Trust is built through behavior not precepts. This study identifies some specific behaviors which have been stated by employees to be builders of trust. These behaviours have found support in the scientific literature and as such are presented here as a potential contribution to trust-building across all organizational settings.

Finally this paper lays the foundation for controversy, debate, and further research concerning the ingredients for building trusting and mutually beneficial relationships in the workplace.

## 2 THEORETICAL FRAMEWORK

Hurley (2006) defines trust as confident reliance on someone when one is in a position of vulnerability, while Mayer, Davis and Schoorman (1995) characterize trust as the willingness to be vulnerable to the actions of another. This willingness to be vulnerable arises in a context in which there is the expectation that the other will perform an action which one desires the other to perform but has no control over whether or not that other will perform such action. Mayer et al. are supported by Rousseau, Sitkin, Burt and Camerer (1998) who describe trust as a psychological state in which one is anticipating that some needs will be met, but accepts vulnerability based upon positive expectations of the intentions or behavior of another.

Clinebell (1984) posits that all meaningful relationships require trust and as a consequence exposes the people in that relationship, particular those with less power, to being vulnerable. Clinebell thus concludes that all relationships involve vulnerability. Savolainen and Hakkinen (2011) appear to support the view that relationships imply vulnerability, arguing that effective leaders are known for their trustful behavior towards employees. This implies that effective leaders create conditions in which employees can be confident in the decisions and actions of their leaders despite being vulnerable. Savolainen and Hakkinen (2011) further suggest that trust is a basic element of functioning relationships in organizations.

The concept of trust is defined in this paper as a belief in the good will and good intent of another, to do such things, at such times, and even in such ways, as would advance or protect one's interests. Such actions have the potential for meeting the needs of others in circumstances in which one is dependent on the other and has no

control over whether the other will in fact do, when the other will do, or how well he or she would do. Trusting the other therefore makes one vulnerable to that other.

Research on the issue of trust crosses a number of disciplines including psychology (Simpson, 2007), sociology (Molm, 2003) and management (Lewicki, Tomlinson & Gillespie, 2006). Simpson (2007) argues that trust involves the juxtaposition of people's loftiest hopes and aspirations with their deepest worries and fears and opines that it may be the single most important ingredient for the development and maintenance of happy, well-functioning relationships. Despite her use of management lenses to discuss trust, Molm (2003), like Simpson (2007), embed her construction of trust in the soft tissue of emotions. Molm argues that feelings of trust and affective commitment grow when perceptions of fairness are heightened and concerns about the negative use of power lessened.

Beslin et al. (2004) correctly pontificate that trust is not something that is created through talk, but results from action, and one important action they highlight is listening. They suggest that too often leaders talk about having trust, rather than taking action to build trust. Savolainen and Hakkinen (2011) support Beslin et al. (2004) and argue that in the process of trust formation, it is trustworthiness in the leader's behaviour that provides a foundation for the relationship. Trust, they contend result from competence, integrity, benevolence, and credibility. These positions are supported by Gordon (2001), whose *Leader Effectiveness Training* initiative which dates back almost four decades has stressed that listening is the most important task of the leader. Thompson (2009) found that listening was the most powerful act of showing respect. It is inescapable that employees will have confidence in leaders whom they feel respect them, and it is axiomatic that people will tend to have high regard (respect) for those who take time to listen to them show genuine interest in the things that concern them and about which they desire to have someone show concern.

Arising from his work with hundreds of top executives, Hurley (2006), identifies ten factors which he says are at play in the trust decision-making process. These factors include risk tolerance, security, relative power, and alignment of interests. Risk tolerance refers to the tendency and capacity of some people to trust although they do not have enough information about the 'trustee'. On the other hand, security refers to the reservations that an employee may have about the likely decision of his or her supervisor in a high stakes situation. Thus the same supervisor with whom the risk to trust was taken, in a given situation, becomes the source of the same employee's fear for his or her security, in another situation. This relationship between risk and trust is examined by Lewicki and Tomlinson (2003) who contend that the need for trust arises from our *interdependence* with others. Human being generally, and inevitably employees in the workplace, depend on other people to help them with the outcomes they value. Given the intertwining of interests there is an element of risk involved insofar as human beings often encounter situations in which needed support, interest alignment, and cooperation are needed but cannot be compelled. It is trust that determines how much risk each party perceives in those circumstances.

A third factor in Hurley's ten-factor theory is relative power. The assessment of the relative power of the other is an important factor in the decision to trust. According to Hurley, if the truster is in a position of authority, he is more likely to trust, because he can sanction a person who violates his trust. If, however, the truster has little authority, and thus no recourse, he or she is more vulnerable and so will be less comfortable trusting.

Hurley's position on the dynamic of power in relationships and its impact on trust is supported by a large body of literature, including Galbraith (1983), Handy (1993), and de Moll (2010). French and Raven (1959) in their seminal work on the five bases of power suggest that all relationships involve the use of some form of power. These five bases they say are reward power, reference power, legitimate power, expert power, and coercion. Raven (1965) later added a sixth basis of power which they call informational power.

The existence and use of these power bases inform the level of trust employees will have in their leaders. A supervisor who is believed to be the kind of person who will use his or her reward power to punish will generate low or no trust from supervisees. On the other hand, the supervisor who uses or is believed to use his or her reference power to support the advancement of supervisees will gain high levels of trust. Thus Hurley (2006) suggests employees are prone to seek to identify relationships that would benefit from greater trust and to diagnose the root causes of distrust in order to decide whether to place confidence in them. The decision to place or not to place trust and confidence in a relationship is ultimately informed by what an employee perceives to be the alignment of interests, according to Hurley. According to Hurley, the underlying question the would-be truster asks is: "How likely is this person to serve my interests?" Incipiently the person is surveying the bases of power articulated by French and Raven (1959) and Raven (1965). In this regard the question of whether one's interest will be served is in effect another way of asking whether the employer or supervisor will use his or her reward power in a negative or positive way. Thus, as Hurley concludes, when people's interests are completely aligned, trust is a reasonable response. This conclusion is confirmed by Lewicki et al. (2006) who posit that trust in the behaviour of other people grows when cooperation (alignment of interest) is reciprocated while trust declines most often when positive expectations are disconfirmed.

Dealing frontally with the issue of trust is a major undertaking in human resources management and some of the behaviours associated with trust are embedded in emotional intelligence as defined by Mayer et al. (1995)

and Goleman (1998). Goleman's five emotional intelligence skills which include how a leader manages self and relates to others are foundational to the building of trusting relationships. Thus, according to Savolainen and Hakkinen (2011), trust appears at many levels, organizational and managerial, and is manifested in the ways, frequency, and quality of interaction between employees and managers.

Blanchard (2010) proposes what he calls the ABCD Trust Model. According to this model, trust requires:

1. Ability – demonstrating competence.
2. Believability – acting with integrity.
3. Connectedness – demonstrating care.
4. Dependability – keeping your promise.

Vodicka (2006) also posits a four part model which he describes as the 4 C's Model. The four elements of this trust model are consistency, compassion, communication and competence. Ayers (1956) appears to strike a balance between Blanchard and Vodicka with his own four part model which mixes elements of both Blanchard and Vodicka. The Ayers model consists of reliability – keeping commitments, acceptance of others for who they are, openness to giving and receiving feedback, and congruence.

The common themes in all three models are:

- (a) Competence.
- (b) Dependability/Reliability.
- (c) Consistency/Believability.
- (d) Compassion/Openness to others' opinions.

Lewicki and Tomlinson (2003) advance a three part model comprising of ability, integrity, and benevolence. According to Lewicki and Tomlinson, *ability* refers to an assessment of the other's knowledge, skill, or competency, and in this regard trust is seen as requiring some sense that the other is able to perform in a manner that meets ones expectations. This perspective is similar to that of Blanchard (2010) and Ayers (1956).

Integrity, according to Lewicki and Tomlinson (2003) is the degree to which the trustee adheres to principles that are acceptable to the trustor and is aligned to believability/consistency and dependability in Blanchard (2010) and Vodicka (2006). The third element of Lewicki and Tomlinson's trust model is benevolence. Benevolence refers to the assessment that the trusted individual is concerned enough about one's welfare to either advance one's interests, or at least not impede them. This quality intersects with connectedness, compassion, and acceptance of others in the previous three models.

All four models form the theoretical framework for this study. Using these frameworks as a reference point, this study conceives of trust as involving the capacity for deference towards others as the foundation of trust-producing leadership behaviour. This notion of deference is akin to what the models describe as connectedness and compassion. A leader who evokes trusts is one who shows that he or she cares. A second element of trust-producing behaviour (which is related to the notion of deference) is the willingness and ability of the leader to listen and to show interest in others' opinions. This deference Ayers (1956) describes as acceptance of others and willingness to give and receive feedback. This idea of acceptance of others implies openness to diversity. All four models emphasize competence or ability. The leader who will evoke trust is the leader who is able to demonstrate that he/she knows what he/she is about and is able to get things done and carries the undertone of being responsible.

### 3 METHODOLOGY

#### 3.1 RESEARCH DESIGN

The study uses an exploratory descriptive quantitative research design. According to Creswell (2014) quantitative research is an approach for testing objective theories by examining the relationships among variables. This design allows the researcher to explore the topic of trust based on data that was previously utilized to measure expectations of the school principal. The intention was to create a model of a few of the items that were derived from the exploratory factor analysis, to confirm whether these observed variables relate with the latent variables of the data, allowing for a generalizability of factors associated with trust under the topic of leadership.

#### 3.2 INSTRUMENT

A self-designed instrument, namely the Principalship-Teachers' Questionnaire was used to collect the data (see Appendix A). This questionnaire comprises of 35 items measured on a 5 point Likert scale. Additionally, there were nine items measuring demographics which includes variables such as gender, age, years in the profession, type of school (whether public or private), and highest level of qualification. The instrument was

tested for reliability using Chronbach’s alpha. The test generated a result of .938, which exceeds the ideal reliability reading of .90 suggested by Nunnally (1978). The items included in the instrument were generated based on the issues of measuring, creating, and maintaining trust which the scientific literature addresses as well as the researcher’s own hypotheses concerning key components of the construct trust.

**3.3 SAMPLE**

The research used a convenience sampling technique. This non-probability method was deemed appropriate given the researcher’s access to substantial number teachers in the public education system. In the course of the researcher’s interactions with teachers and the administration of educational institutions several verbal and non-verbal cues conveyed the distrust of teachers in their respective administrations. Given the sensitivity of the issue of trust, and the negative reactions that would be produced if organizational leaders perceived that they were being studied, the sample was drawn from several institutions. Thus the study was not about a single institution but in effect the education system.

The final composition of the sample, which comprised 97 participants, is outlined in Table 1. The sample shows a gender ratio of 3:1 in favor of females. This ratio is consistent with the ratio of the general teacher population in Jamaica. The qualifications profile of the sample, with reference to age, is outlined in Table 2.

Table 1: Age group and level educational institution employed cross-tabulation

		Level educational institution where you work					Total
		Early Childhood Level	Primary Level	Secondary Level	Tertiary Level	Other	
Age Group	20 - 30 years	1	3	0	7	2	13
	31 - 40 years	0	18	6	17	2	43
	41 - 50 years	0	7	3	8	2	20
	51 - 60 years	0	1	0	13	0	14
	60 + years	0	0	1	2	0	3
Total		1	29	10	47	6	93

Count

Table 2: Age group and highest qualification cross-tabulation

		Level educational institution where you work					Total
		Diploma	Bachelor's Degree	Master's Degree	Postgraduate Cert in Education	Doctorate	
Age Group	20 - 30 years	2	8	0	1	0	11
	31 - 40 years	9	22	13	1	0	45
	41 - 50 years	1	7	8	2	1	19
	51 - 60 years	1	4	9	0	0	14
	60 + years	0	2	1	0	0	3
Total		13	43	31	4	1	92

Count

**3.4 DATA COLLECTION AND ANALYSIS PROCEDURES**

The instrument was distributed by hand as well as by email and returned by the same route. One hundred questionnaires were issued using each method with face-to-face recording a 75% response rate and the email method a 22% response rate. The instrument was coded and data entered into excel and later transported into SPSS, V. 22.0 and analyzed. This paper is one of several that have been drawn from the data collected and the analyses for this study were confirmatory factor analyses and correlations. The confirmatory factor analysis was used to determine how well the variables being measured represent the construct of the study. Confirmatory factor analysis is a tool used to determine the nature of relationships among latent constructs (Jackson, Gallapsy & Purc-Stephenson, 2009). In this case the data were utilized on principal leadership within Jamaica, consequently,



the researcher sought to measure trust as a subcategory of principal leadership based on several factors that were predetermined based on an exploratory factor analysis that was conducted in a previous study and also from the researcher's theoretical judgment. A type of modelling was done to determine the model fit and how well these factors represent the construct. Additionally, a Pearson product correlation coefficient was used to determine the relationship between the six factors associated with the constructs of trust.

Table 3: Items taken from the exploratory factor analysis

#	Trust-Producing Leadership Behaviour	Factors with which Trust-Producing Leadership Behaviours Correlate
1	Trusting collective wisdom	Conveys by actions that others' views and approaches can be correct Shows willingness to accept criticism Trust collective wisdom
2	Respect for diverse perspectives	Encourage diversity of perspectives Resists dictating how staff members should think Encourages staff members to continue professional development
3	Openness to debate	Willing to debate issues in situations where opinions differ Create conditions for staff members to participate in decision-making
4	Listening	Demonstrates care Interest in Opinions of Staff A good listener
5	Sense of collective Responsibility	Promote collective responsibility Commend staff who demonstrate commitment Defer to others who may be more knowledgeable on issues
6	Propensity to respond positively to alternative views	Responds positively to staff members even when there is disagreement Admits error when established Regard for professional judgement of staff members Welcomes Different Points of Views

## 4 RESULTS

### 4.1 TRUST-PRODUCING LEADERSHIP BEHAVIOURS

In laying the foundation for this study, I argued that trust is a critical determinant in the effectiveness of leaders. Against that background six qualities were identified as to be trust-producing leadership behaviours based on the literature and the distillation of data on which this study relies, as shown in Table 3. The six behaviours are:

- (1) Trusting in the collective wisdom of staff (Wisdom)
- (2) Encouraging diversity of perspectives (Perspectives/ Diverse Perspectives)
- (3) Willingness to debate issues in situations where opinions differ (Opinions)
- (4) Being a good listener (Listen)
- (5) Promoting collective responsibility (Responsibility)
- (6) Responding positively to staff members when there is disagreement (Positivity)

### 4.2 FACTORS TO WHICH TRUST-PRODUCING BEHAVIOURS ARE RELATED

In order to test the validity of claim that the six behaviours mentioned are in fact arguable as related to trust, an overall model fit was developed. Using the benchmarks established by Leach et al. (2008), the results as shown in Table 4 were found.



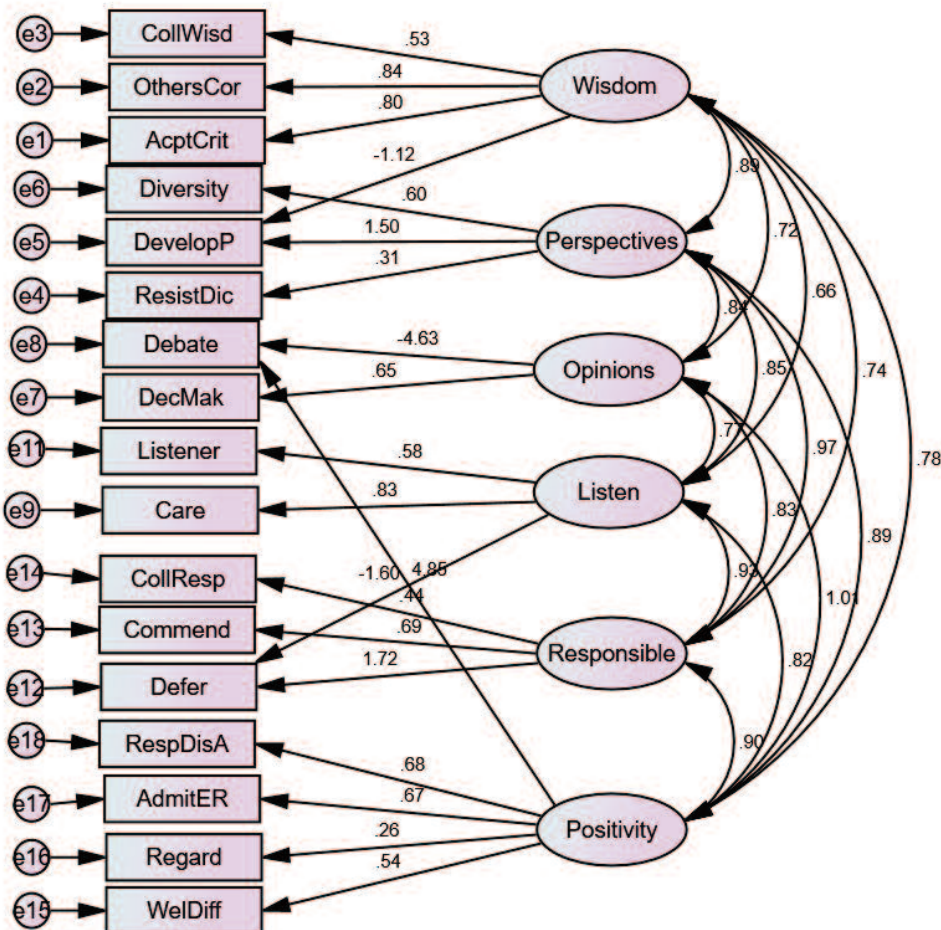
Table 4: Results of the goodness of fit for model

Fit Index	Model	Cited Bench Mark
CMIN	131.627	NA
DF	101	NA
CFI	.934	> .93
NFI	.779	> .93
GFI	.879	> .93
TLI	.911	> .93
IFI	.938	> .93
RMR	.029	< .05
RMSEA	.056	< .08
AIC	272.280	NA

Note: CMIN (Chi square); DF (Degree of Freedom), CFI (Comparative Fit Index); NFI (Normed Fit Index); GFI (Goodness of Fit Index); TLI (Tucker Lewis Index); IFI (the Incremental Fit Index); RMR (Root Mean Square Residual); RMSEA (Root Mean Square of Approximation); AIC (Akiake Information criterion).

The results show that with respect to the CFI (.934) and the IFI (.938) the model was a good fit with readings slightly above the bench mark of .93. With respect to TLI, GFI, and NFI, the model produced a reasonable fit with readings of .911, .879, .779, respectively relative to the benchmark of .93. Leach et al. (2008) suggest that if the RMR and the RMSEA fell below .05 and .08, respectively, then the model is a good fit; this model measured at .029 for RMR and .056 for RMSEA. The RMSEA score of .056, which is well below the benchmark of .08, indicates a solidly good model fit. The standardized estimates of the model are shown in Figure 1.

Figure 1: Standardized estimates of the model of the six behaviours or factors associated with trust



A correlation of the six behaviours or factors showed weak to moderate correlations between the factors. Weak correlations were observed between listen and responsibility, listen and diversity of perspectives, responsibility and positivity, responsibility and diversity of perspectives, and opinions and diversity of perspectives. All other relationships were moderately positive interactions as shown in Table 5.

Table 5: Relationships among the six behaviors associated with trust

		Correlations					
		Wisdom	Opinions	Listen	Responsibility	Positivity	Diversity Perspectives
Wisdom	Pearson Correlation	1	.579**	.416**	.421**	.535**	.515**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	96	96	96	96	96	96
Opinions	Pearson Correlation	.579**	1	.451**	.488**	.346**	.359**
	Sig. (2-tailed)	.000		.000	.000	.001	.000
	N	96	97	97	97	97	97
Listen	Pearson Correlation	.416**	.451**	1	.284**	.431**	.313**
	Sig. (2-tailed)	.000	.000		.005	.000	.002
	N	96	97	97	97	97	97
Responsibility	Pearson Correlation	.421**	.488**	.284**	1	.205*	.281**
	Sig. (2-tailed)	.000	.000	.005		.044	.005
	N	96	97	97	97	97	97
Positivity	Pearson Correlation	.535**	.346**	.431**	.205*	1	.414**
	Sig. (2-tailed)	.000	.001	.000	.044		.000
	N	96	97	97	97	97	97
Diversity Perspectives	Pearson Correlation	.515**	.359**	.313**	.281**	.414**	1
	Sig. (2-tailed)	.000	.000	.002	.005	.000	
	N	96	97	97	97	97	97

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

## 5 DISCUSSION

The six variables identified in this study which have been characterized as trust-producing behaviours have called attention to some critical and fundamental qualities of leadership that are needed to enrich the experience of employees. As Hurley (2006) has shown, there is a major trust deficit among the global workforce. This trust deficit has major implications for organizational productivity as McAllister (1995) and Nooteboom (2002) have found. Indeed trust creates the conditions for innovation and learning in the organization as Bartsch et al. (2013) has asserted.

In light of the foregoing, there is an urgent need for action to be taken to address the problem of distrust that plagues the global workforce. Such an undertaking is relevant and of high value as Savolainen and Hakkinen (2011) rightly assert. The urgency and relevance of the task of addressing the issues of distrust become even more curious given how vital trust is for meaningful relationships as Rezaei et al. (2012) notes.

It is self-evident that leaders in organizations have not been paying close attention to the fundamental issue of trust and those behaviours that nurture it given, on the one hand, the established importance of trust for relationships and, on the other hand, the fact that the behaviours that have been found, by previous studies and this current study, to be trust-producing behaviours are not other-worldly, esoteric, or novel.

### 5.1 TRUSTING THE COLLECTIVE WISDOM OF STAFF

The first of six leadership behaviours found by this study to be a trust producer is that of the leader demonstrating confidence in the collective wisdom of his or her team. That this is a trust-producing behaviour is almost a truism. It strikes as very basic that if a leader conveys to his or her team that he or she trusts their know-how these staff members will in turn “trust the boss”. What this means, among other things, is that if team members are called upon

to make decisions they will do so confidently. This leadership producing behaviour has moderately strong positive correlation of .462, .415, and .411 and levels of significance of .000, with three other variables.

In the first correlation it is revealed that trusting the wisdom of staff means conveying that one's views and approaches are not the only correct views and approaches; that indeed those of others can be correct. The leader who trusts the wisdom of his staff will not insist on things being done his or her way only but will be open to the approaches which others take. The second and third correlations confirm that team members will develop confidence in a leader who is willing to accept criticism and who does not behave as though his or her opinions should be those that team members hold. This idea that when a leader demonstrates confidence in his or her team members that leader creates the conditions for trust to be built is supported by Hurley (2006) who asserts that trust is confident reliance upon another. This confident reliance, while creating vulnerabilities according to Mayer et al. (1995), is inescapable as relationship cannot function without trust as Savolainen and Hakkinen (2011) have shown. Thus by assuming the postures of conveying that others' approaches can be correct and by being willing to accept criticism a leader is providing the basic requirements to make his or her relationships with team members functional and meaningful. This is particularly relevant in the context today's schools which are being increasingly staffed by highly qualified teachers which is in contrast to a previous era in which the principal was the most highly trained and experienced and therefore wielded strong knowledge power (French and Raven, 1959) and who also controlled the flow of information and thus possessing superior knowledge power (Raven, 1965).

## 5.2 ENCOURAGING DIVERSITY OF PERSPECTIVES

A second leadership behaviour found in this study to stimulate and foster trust on the part of employees is when the leader encourages diversity of perspectives. This underlying meaning of this behaviour is similar to what it means to trust collective wisdom. By encouraging diverse perspectives a leader is showing that he or she has regard for what people think or believe and is prepared to rely upon those perspectives.

This leadership behaviour has correlations of .466, .462, and .423 with the variables 'commend staff who demonstrate commitment', 'shows willingness to accept criticism', and 'encourages staff members to continue professional development'. The second of these three related variables was found to be related to the first leadership behaviour and was already discussed. The meaning of the other two could be an affirmation that, contrary to perceptions that some leaders have that difference of views mean disloyalty, diversity of view could in fact be an act of commitment worthy of commendation. Diversity of perspectives should, the data seem to suggest, invite interventions that seek to nurture further independence of thought through encouraging staff to expand their skills. The tendency in some organizations to only reward and promote those who fall in line with group think as Handy (1993) observes is declared anathema by this finding which sees as a trust-producing behaviour actions that would serve to create the conditions for increased diversity of perspectives.

Encouraging diversity of perspectives alters the dynamic of power in relationships. Taking into account that power is at work in all relationships as Galbraith (1983), Handy (1993) and de Moll (2010) have found, and given that one source of power is knowledge as French and Raven (1959) have established, the act of encouraging diverse perspectives amounts to power-sharing. One of the drivers of distrust is the fear that power will be used in ways that are not aligned to one's interest as Lewicki et al. (2006) assert. Thus when diverse views are allowed by a leader, the conditions for the alignment of interests are created and this act serves to increase cooperation resulting in the decline of distrust.

## 5.3 WILLINGNESS TO ENGAGE IN DEBATE

When a leader shows a willingness to engage in debate that willingness is a statement about openness to other views; but perhaps more powerfully it is a sign that the leader is prepared to subject his or her own views to challenge. It takes a courageous and confident leader to do this. This leadership behaviour is aligned to the previous two and is correlated to two variables with which the previous two are also correlated, namely conveying that others' views and approaches can be correct and willingness to accept criticism. The correlations on this case are .441 and .396.

The basic meaning of this leadership behaviour is that in order to stimulate trust, the leader must do more than just being willing to listen to others' view, he or she must take the further active step of engaging in debate. This action-oriented approach is precisely what Beslin et al (2004) describe when they suggest that too often leaders talk about having trust, rather than taking action to build trust.

The importance of debate on issues before taking decisions is particularly important to teachers who see themselves, quite correctly, as experts in their respective fields. Thus to embark on major initiatives without their

input and pledge of cooperation risks probable failure as they value deference towards their expertise, as indeed most professionals do (Thompson, 2015).

#### 5.4 LISTENING

Beslin et al. (2004), and Gordon (2001) suggest that one of the most effective ways through which a leader can build trust is through listening. It is inescapable that employees will have confidence in leaders whom they feel respect them, as Thompson (2009) has found. Several blogs support the view that listening is critical in the trust-building process as can be found in Green (2011), Conley (2011), and Newell (2014). When a leader takes the time to listen, he or she is making an investment of time and energy in the life of another and one of the emotions that the person being listened to feels is that he or she is valuable. People who come to believe that another person values them are likely to feel safe with the decisions that the person will make concerning them and from that emerges the trust that employees feel towards a person who listens.

The two variables with which listening is correlated in this study are “demonstrates care’ and ‘conveys by actions that others’ views and approaches can be correct’. These have a correlation with ‘a good listener’ of .485 and .413, respectively. The clear message from these correlations is that listening is first and foremost a demonstration of care. People generally, and employees in particular, will hardly fear the actions of people whom they believe care. The act of care provides a basis for alignment of interest or, at a minimum, taking one’s interest into consideration. It also reduces the sense of vulnerability (Clinebell, 1984; Savolainen & Hakkinen, 2011) that employees feel when they must leave their affairs in the hands of others whose decisions they cannot dictate or control.

One probable meaning of the relationship between being a good listener and the variable ‘conveying by actions that others’ views and approaches can be correct’ is the acknowledgement that by listening, the leader is affirming that others’ views are legitimate and credible. This acknowledgement strengthens bonds of trust.

#### 5.5 PROMOTING COLLECTIVE RESPONSIBILITY

The fifth trust-producing leadership behaviour that this study has identified is the promoting of collective responsibility. At face value what this means is that a leader assigns and delegates responsibility and holds responsible those to whom such responsibilities are assigned and delegated. This idea carries with it the notion of power-sharing which means that the power scales in the relationship between the leader and those he or she leads are re-balanced.

The issue of power is at play in every relationship as de Moll (2010), French and Raven (1959), Galbraith (1983), Handy (1993), and Hurley (2006) and have asserted. This is even more so the case for employer-employee relationship. The existence of disparities in the amount of power held between and among parties in a relationship becomes a basis for distrust as the party with less power can never be sure whether the other party’s action will serve to meet or frustrate one’s needs (Rousseau et al., 1998).

Thus by nurturing a culture of collective responsibility, a leader is signaling that power is shared and this reduces the anxiety that followers are likely to have, and the distrust that they feel when there is no indication or action that power is shared. The nurturing of a culture of collective responsibility, translates to real power-sharing when the leader ‘conveys by actions that others’ views and approaches can be correct’ and ‘commends staff who demonstrate commitment’ as the correlations of .434 and .391 show.

#### 5.6 RESPONDING POSITIVELY TO DISAGREEMENTS

The sixth trust-producing leadership behaviour, ‘responds positively when there are disagreements, represents somewhat of an incipient motif. The act of trusting the collective wisdom of staff will involve and require openness to disagreements; so do the acts of encouraging diversity, willingness to debate, and listening. In essence none of those behaviours is possible without the attitude and action of welcoming disagreements. The centrality of this disposition is further reinforced by the fact that five of the six leadership behaviours had strong correlations with the variable ‘conveys by action that others’ views and approaches can be correct’. To the extent that this sixth leadership behaviour is a motif across the other five behaviours means that one of the most formidable trust-producing behaviour on the part of a leader is that of signaling that others have legitimate and authentic perspectives which may differ from his or her own.

Another variable with which most (four) of the six trust-producing leadership behaviours is strongly correlated is ‘shows willingness to accept criticism’. Opening up one’s self to criticism is not easy but a leader who does so conveys to others that they can feel free to express themselves. When a leader consistently permits the sharing of criticism without recoiling or engaging in recriminations he or she is creating the environment for the highest levels



of trust. Such environments are likely to promote good health and productivity and result in increased levels of innovation and commitment.

## 6 CONCLUSIONS AND RECOMMENDATIONS

The study, while providing some helpful perspectives on behaviours that support leadership effectiveness has a number of limitations. These include:

- (a) The population and sample size: The results of the study would have been more generalizable had the population included professionals from a number of organizations and disciplines and a sample at least twice the size used.
- (b) The sampling technique: While a convenience sampling technique is a credible method of data gathering the validity of the results with respect to the realities faced by organizations would have been stronger if a stratified random sampling technique been employed, within the context of the first limitation. In light of the foregoing a follow-up study that takes account of the foregoing limitations would be useful and is to be undertaken.

This study has identified six leadership behaviours which are deemed to be trust-producing. These behaviours are strongly correlated with, and expressed in, some supportive together with the primary leadership behaviours identified can create conditions that make for meaningful trust in the workplace. The need for improved trust in the workplace is an urgent one given what global research has found about levels of employee distrust.

Improvements in trust in the workplace has implications for employee and organizational health and is thus a psychological, sociological, and managerial issue which ultimately impacts on productivity and innovation and by extension employee commitment and organizational profitability. It is, therefore, a principal duty of the leader to create the conditions for trust. This means, among other things, behaving in ways that shift the power imbalance in employer-employee and supervisor-supervisee relationships. Given that trust implies vulnerability and thus evokes fear and anxiety about whether decisions will be adverse to, or advance one's interests, actions that produce trust include those that lend to the conclusion that the interests of the leader are aligned to that of the follower and therefore the risk of harm is lessened. It is in the contexts of the reduction of fear of harm, for example from the act of expressing disagreement, that employees become more trustful. Trust is also built when there is the display, by the leader, of confidence in the wisdom of his or her team; an embrace of diverse perspectives, a willingness to listen, and the promoting of collective responsibility.

To the extent that these behaviours have the potential of increasing levels of trust in organizations, and given the high levels of distrust as shown by the data, the following recommendations are being made concerning how organizations may produce higher levels of trust.

- (1) In keeping with the finding that trust is produced through engaging the collective wisdom of staff as well as in the promotion of collective responsibility, it is recommended that organizations implement or strengthen mechanisms to allow for greater involvement of the widest cross-section of staff in the decision-making processes of the organization through, among other things, creating more opportunities for staff to lead organizational processes and activities.
- (2) Taking into account the positive effects that the encouragement of diverse perspectives and tolerance of disagreement have on building trust through approaches such as debating options, organizations are invited to implement or strengthen systems through which organizational growth and employee-enrichment solutions are subject to debate among employees.
- (3) Given the critical role listening plays in effective leadership and trust-building, it is recommended that organizations invest in training all persons in leadership positions, as well as those who aspire to leadership positions, in "Effective Listening Training" programmes.



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## APPENDIX QUESTIONNAIRE

**SA = Strongly Agree; A = Agree; U = Undecided; D = Disagree; SD = Strongly Disagree**

	SA	A	U	D	SD
Do you think that in order to be an effective leader a principal should:					
(1) Take an interest in the opinions of staff members					
(2) Show high regard for the professional judgment of staff members					
(3) Welcome the points of view of staff members even when those views are different to his/her					
(4) Respond positively even when there are disagreements between his/her views and that of staff members					
(5) Resist any inclination on his or her part to dictate how staff members should think					
(6) Show respect to staff members					
(7) Make an effort to keep staff motivated					
(8) Encourage staff members to continue to develop their professional skills					
(9) Demonstrate care for the needs of members of staff					
(10) Seek to influence staff rather than use power to enforce his / her will					
(11) Commend staff who demonstrate commitment					
(12) Publicly recognize staff who produce spectacular results					
(13) Admit error on his/her part when this is established					
(14) Show a willingness to accept criticism					
(15) Convey by his/her actions that views and approaches other than his/her own can be correct					
(16) Show mastery of the job of school management					
(17) Defer to other members of staff on matters on which they are more knowledgeable					
(18) Model the behaviours he/she requires of staff members					
(19) Be willing to debate issues on which there are diverse opinions					
(20) Be willing to subject his/her positions to the collective wisdom of staff members					
(21) Be a good listener					
(22) Encourage diversity of perspectives					
(23) Encourage camaraderie among staff members					
(24) Promote collective responsibility					
(25) Ensure performance evaluations are done of every staff member					
(26) Ensure that low performing staff members receive support to improve					
(27) Create the conditions for members of staff to participate in decision-making					
(28) Lead in the development of a strategic plan					
(29) Be trained in the fundamentals of strategic planning					
(30) Be an advocate for justice					
(31) Promote the value of learning from the successful practices of other schools					
(32) Utilize the diverse strengths of members of staff in the operations of the school, in addition to their primary competencies					
(33) Allow leaders to develop at all levels in the organization					
(34) Be firm with repeated failures to meet standards of excellence					
(35) Create an environment that makes work exciting					

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**PLEASE ANSWER THE FOLLOWING QUESTIONS**

- (36) Your age group is:
- (a) 20 – 30 [ ]
- (b) 31 – 40 [ ]
- (c) 41 – 50 [ ]
- (d) 51 – 60 [ ]
- (e) 60+ [ ]
- (37) You have been a teacher for:
- (a) 5 years or less [ ]
- (b) 6 – 10 years [ ]
- (c) 11 – 15 years [ ]
- (d) 16 – 20 years [ ]
- (e) Over 20 years [ ]
- (38) You have been teaching at your current school for:
- (a) 5 years or less [ ]
- (b) 6 – 10 years [ ]
- (c) 11 – 15 years [ ]
- (d) 16 – 20 years [ ]
- (e) Over 20 years [ ]
- (39) Your highest professional qualification is:
- (a) Diploma [ ]
- (b) Bachelor's Degree [ ]
- (c) Master's Degree [ ]
- (d) Postgraduate Cert in Education [ ]
- (e) Doctorate [ ]
- (40) You are:
- (a) Male [ ]
- (b) Female [ ]
- (41) You currently teacher at the:
- (a) Early Childhood Level [ ]
- (b) Primary Level [ ]
- (c) Secondary Level [ ]
- (d) Tertiary Level [ ]
- (e) Other \_\_\_\_\_ [ ]
- (42) You are currently based in the:
- (a) Corporate area [ ]
- (b) Rural area [ ]
- (43) You are currently working in a:
- (a) Public school [ ]
- (b) Private school [ ]
- (44) You are a principal:
- (a) Yes [ ]
- (b) No [ ]



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## Social sustainability business practices and organisational performance in Nigerian banks

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### ABSTRACT

This study examines employee involvement in organisational affairs as an important facet of social sustainability in the Nigerian banking sector, because providing good customer service requires committed employees rather than coerced labour. Data extracted through quantitative content analysis from the financial reports of fifteen commercial banks were analysed using descriptive statistics, Z test, One-way ANOVA, correlation and regression analysis techniques. The study found that employee involvement correlates positively and significantly with organisational performance; and banks differ in performance on the account of the level of employee involvement; firms with deeper level of employee involvement performed better than others with shallow level of employee involvement, thus stressing the relevance of employee involvement as an aspect of social sustainability business practices. Organisations are enjoined to involve their employees more to achieve better results; and embrace the modern philosophy of regarding employees as strategic resources that can be used to bolster core competence.

### KEY WORDS

employee involvement, global reporting initiative, organisational performance, Nigeria, sustainability

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## 1 INTRODUCTION

The debate for sustainability has been on the rise in recent times, and the contention that organisations should be more involved in sustainable business practices may not be unconnected to stakeholders' agitation for organisations to give back to the society which provides enabling environment, resources and justification for their existence. Sustainability practices usually pursued by firms are economic, environmental and social (Maguire, 2011; Hindley & Buys, 2012; GRI, 2013a; GRI, 2013b; KPMG, 2013a; KPMG, 2013b; Sulkowski & Waddock, 2014; Oyewo & Isa, 2017). Economic sustainability is concerned with the impact of the entity on the economic conditions of its stakeholders, the flow of capital among different stakeholders, and the entity's impact on economic systems at local, national and international levels (Eccles, 2011; GRI, 2013a; GRI, 2013b; CIMA, 2014c). The environmental sustainability focuses on the impact of the entity on living and non-living natural systems including land, water, air and ecosystem (GRI, 2013a; GRI, 2013b; CIMA, 2014c). The social sustainability dimension focuses on the entity's impact on the social systems within which it operates (GRI, 2013a; GRI, 2013b; CIMA, 2014c).

Drawing from the Global Reporting Initiative (GRI) G4 framework for sustainability reporting, the social sustainability indicators are in four categories, including: labour practices & decent work, human rights, society, and product responsibility (GRI, 2013a; GRI, 2013b; GRI, 2013c). The labour and decent work practice, which covers aspects such as employment; labour/management relations; occupational health and safety; training and education; diversity and equal opportunity; equal remuneration for women and men; supplier assessment for labour practices; and labour practices grievance mechanisms stresses employee involvement in organisational affairs as an important facet of social sustainability. This paper therefore focused on employee involvement as an aspect of socially-sustainable business practice.

It has been acknowledged in literature that employees are one of the priced resources of organisations, whatever the sector, ownership structure, establishment-motive, form or size (Pfeffer, 1998; Macey & Schneider, 2008; Basse & Tapang, 2012; Kok, Lebusa & Joubert, 2014). This behooves business owners and managers seeking

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competitiveness and relevance to be concerned with involving employees in organisational affairs to the extent they desire realising set goals through them. Employee involvement in the affairs of an organisation (hereafter, employee involvement) implies the participation of employees in the matters or business of their employers; it is the subsuming of employees in the activities of organisations. This connotation suggests the existence of different levels of, and platforms for, employee involvement. In essence, it may not be unexpected that employee involvement practices would differ amongst firms (Berg, Witteloostuijn, Boone & Brempt, 2000; Lee & Yu, 2004). While some organisations may involve their employees more, others may involve them to a low extent; investigating the extent to which the level of employee involvement affects organisational performance is worth considering.

Earlier studies (for example, Jones & Kato, 2005; Kuye & Sulaimon, 2011; Khattak, Iqbal & Khattak, 2013; and Sofijanovna & Zabijakin-Chatleska, 2013) have posited the existence of strong, positive connection between employee involvement and firm performance. The review of literature on the subject in Nigeria (for example, Yusuf, 2008; Kuye & Sulaimon, 2011; Enofe, Mgbame, Otuya & Ovie, 2013; Ofoegbu & Joseph, 2013; Ojokuku & Sajuyigbe, 2014) suggests lack of empirical studies covering a broad spectrum of sectors, as most studies were undertaken in manufacturing concerns. Kuye and Sulaimon (2011), upon investigating how employee engagement influences performance in the Nigerian manufacturing sector recommended that:

Future studies may need to expand to cover the service industry rather than limiting them to the manufacturing industry. Then, generalisation of the findings might be well justified...Finally, the sample was drawn from Lagos State, Nigeria. This limits the generalisations of the findings (p.12).

Whilst generalisation of result was restricted to manufacturing concerns, the statement clearly identifies a gap, the under-researching of the subject in service sectors in Nigeria, including the banking sector which is a major sector providing financial services crucial to economic development, reinforcing the need to revisit the subject. This paper responds uniquely to these observed gaps in three ways. First, it focused on the banking sector, as the under-researching of sustainability in Nigeria affects the financial service sector (Idowu, 2014; Ajide & Aderemi, 2014; Lugard, 2014; Oyewo & Badejo, 2014; Nwobu, 2015; Oyewo & Isa, 2017). Second, there is a departure from using primary data, which has been the approach adopted by earlier studies, to using data collected from secondary source – the financial reports of firms. Third, the study was not restricted to any particular geo-political zone in Nigeria but extended to publicly-quoted firms having presence and operating licenses regionally, nationally and internationally.

The subject of employee involvement is of great concern in service industries – including the banking sector that is highly-competitive, where customer satisfaction is a critical success factor, because providing good customer service requires committed employees rather than coerced labour (Tyson & Levine, 1990; Cotton, 1993; Bryson & Millward, 1997). Ramsay, Parry, Paton and Hyman (1998, p. 3) maintained that service ‘requires employee internalisation of a management-designed culture of commitment if it is not to be based on exhausting and expensive supervision’. Banks perform financial intermediation by channeling finance from lenders to borrowers (Brigham & Houston, 2007; Akinsulire, 2009; Oyewo, 2014), and while performing this core function depend largely on their employees in the value-creation process.

The objectives of the study are to: (i) appraise the level of employee involvement in organisational affairs; (ii) evaluate the extent to which organisations differ in performance on the account of the level of their employees’ involvement; and (iii) investigate the extent to which employee involvement affects organisational performance in the Nigerian banking sector.

The rest of the paper is structured as follows: Section 2 presents a discussion of literature and the development of hypotheses; followed by an explanation of the research methods deployed in Section 3. After presenting the results of statistical analyses and discussion of findings in Section 4, Section 5 recapitulates the key findings and closes with some recommendations.

## 2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### 2.1 THE CASE FOR EMPLOYEE INVOLVEMENT AS A SUSTAINABLE BUSINESS PRACTICE

Some rationales have been adduced for employee involvement in organisational affairs as a sustainable business practice. Poutsma (2001) cited in Summers and Hyman (2005) suggested four considerations including humanistic, power-sharing, organisational efficiency and redistribution of results rationales. Summers and Hyman (2005) re-classified these rationales under three operational rationales – economic, social and governmental. The economic rationale derives from the reasoning that employee involvement influences organisational performance because encouraging their participation has a way of positively altering their disposition towards work and management, which in turn motivates them to achieve results (BPP, 2009). This approach underpins the participative management style as against an autocratic style, which is perceived to diminish employee motivation (Boddy, 2012; Mullins & Christy, 2013). Employees may also

participate financially when owners offer stakes in the firm through employee-share-ownership schemes (Heller, Pusic, Strauus & Wilpert, 1998; Pendleton, 2001). Social arguments for employee involvement are that; allowing employees to get involved democratises the management process and creates equal opportunities between workers, and between workers and management, especially in domains where employees unionise. Organisations may also introduce employee involvement on social grounds to improve working conditions (Osterman, 1994; Aboramadan & Borgonovi, 2016). The government rationale for employee involvement is wider than the economic or social arguments, because employee involvement policies are designed to benefit the wider community (Bryson, 2011).

The benefits of employee involvement are double-sided. Levine (1995), corroborated by Blasi, Conte and Kruse (1996) maintained that employee involvement in decision-making may enhance harmonious employer-employee relationship, which in turn spurs employee motivation, and greater job satisfaction in achieving goals. To the employees, employee involvement provides an avenue for having a sense of belonging to the organisation since they feel integrated into, and are parties to running the system. The organisation benefits, since it can optimally harness the skills, competence and experiences of the employees by giving them the free hand to operate (Morden, 2007; David, 2009). Other documented benefits of employee involvement are improved company performance (Cooke, 1994; BPP, 2009); improvement in employee productivity and flexibility (Jones, 1987; Bryson, 2011); reduction of operating cost because of low employee-turnover and absenteeism rates (Wilson & Peel, 1990; Kaplan, 2013).

## 2.2 ENGENDERING EMPLOYEE INVOLVEMENT IN ORGANISATIONAL AFFAIRS

Organisations typically explore different mechanisms for employee involvement by encouraging team-working and rewarding team-achievements through group incentive schemes; quality circles (a forum where employees congregate to discuss quality issues in the organisation), total quality management (getting it right the first time), gain-sharing, and information sharing (CIMA, 2008; David, 2009; Boddy, 2012). Organisations could also ensure, through different formal and informal platforms, that employees are kept informed on matters concerning them. Employee development through regular training; consideration of employees' views on not only matters affecting them as employees but also on general matters pertaining to the business; and existence of a fair reward system are some other strategies of engendering greater employee involvement (CIMA, 2008; Mullins & Christy, 2013; CIMA, 2014a; CIMA, 2014b).

## 2.3 PRIOR STUDIES

Berg, Witteloostuijn, Boone and Brempt (2000) argued that empirical studies on employee involvement thrives on the theoretical underpinning that workers participation is practiced in the real world. Jones and Kato (2005) examined the direct impact of employee involvement through team or group work on business performance of firms located in central New York, United States of America. The study concluded that employee involvement will produce improved enterprise performance through diverse channels, including enhanced discretionary effort by employees. In a comparative study by Berg, Witteloostuijn, Boone and Brempt (2000) as per the impact of representative employee participation on firm performance in four neighbouring countries, Belgium, Germany, the Netherlands and the United Kingdom, it was concluded that employee participation affects performance of companies. Kuye and Sulaimon (2011) investigated the interaction between employee involvement in decision-making and firm's performance in the manufacturing sector in Nigeria. Using a combination of descriptive and inferential statistics to analyse primary data sourced from 670 firms, the study concluded that there was a statistically significant relationship between employee involvement in decision-making and firms' performance. According to findings, firms that had deep level of employee involvement performed better than those with shallow level of employee involvement.

Khattak, Iqbal and Khattak (2013) considered the relationship between employee involvement and organisation performance by analysing primary data obtained from administering 509 copies of questionnaire in Pakistani organisations. The elements of employee involvement studied were employee empowerment, team orientation and capacity development. Empirical findings were that organisational performance improved due to employees' involvement; organisations which delegated authority to employees performed better than those which did not. Sofijanovska and Zabijakin-Chatleska (2013) studied the effect of employee involvement on the performance of manufacturing concerns in the Republic of Macedonia. Data were obtained by administering two sets of questionnaires, selecting a sample of 36 companies. They found effective use of employee involvement to be positively related to perceived organisational performance. Other empirical studies corroborating a strong cohesion between employee involvement and firms' performance were undertaken by Hamilton, Nickerson and Owan (2002), Addison and Belfield (2000), Bartel (2004), Ofoegbu and Joseph (2013), and Ojokuku and Sajuyigbe (2014), amongst others. Based on these discussions, it is first hypothesized that:

*H1: There is significant difference in the performance of Nigerian banks on the account of the level of employee involvement*

In evaluating the direction, strength and statistical significance of the interaction between the level of employee involvement and organisational performance, it is further hypothesized that:

*H2: Employee involvement significantly influences Firm’s performance in the Nigerian banking sector*

This is decomposed into the following sub-hypotheses:

*H2-1: Employee Involvement significantly influences Firms’ gross earnings*

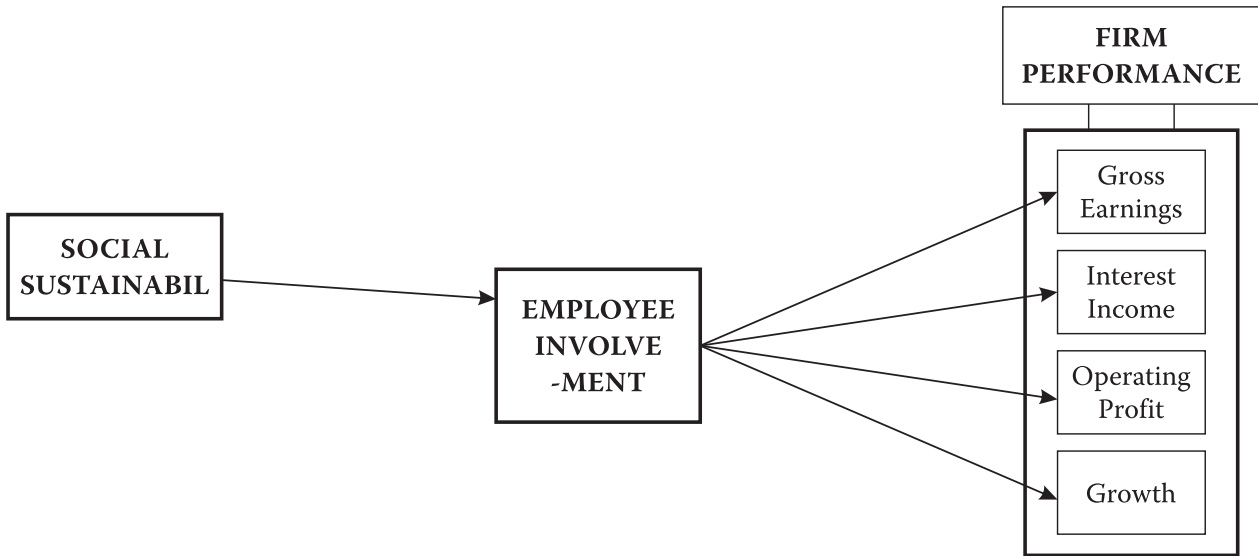
*H2-2: Employee Involvement significantly influences Firms’ Interest income*

*H2-3: Employee Involvement significantly influences Firms’ Operating profit*

*H2-4: Employee Involvement significantly influences Firms’ Growth*

To recapitulate, the flow between social sustainability, employee involvement and firm performance is delineated in Figure 1.

Figure 1: Relationship between social sustainability, employee involvement and firm performance



Source: Authors’ conceptualisation

### 3 RESEARCH METHODS

#### 3.1 SOURCE OF DATA AND VARIABLE OPERATIONALISATION

The study gathered secondary data from the 2012 annual reports and accounts of fifteen (15) commercial banks in Nigeria, across three licensing tiers – regional, national and international banks. Statistics of participating firms is furnished in Appendix 1. Quantitative content analysis was used to assess employee involvement disclosures in financial reports. Holsti (1969) supported by Krippendorff (1980) and Kondracki and Wellman, (2002) asserted that quantitative content analysis focuses on counting the frequency of specific words or content.

Employee involvement was operationalised by content-analysing disclosures in financial reports on employee involvement in workplace affairs. Disclosures in respect of the following were analysed: (i) level of involvement in decision-making; (ii) keeping employee informed on the institution’s performance and progress; (iii) extent of sorting and considering opinions and suggestions of members of staff not only on matters affecting them as employees but also on the general business of the bank; (iv) investment in employees’ future development; (v) training and career development program; (vi) adequacy of employee rewarded and motivation to achieve results; (vii) employee volunteering schemes (EVS) in sustainability activities; (viii) formal and informal channels explored for communication with and receiving feedbacks from employees; and (ix) extent of implementing various incentive schemes designed to encourage the involvement of employees in the firm’s performance. To triangulate measurement of employee involvement, three approaches were used to scrutinise disclosure including: the number of items (EMPI), number of words (EMPW), and extent of value added attributed to employees in the Value Added Statement (designated, EMPF). Performance (PERF) was considered from the perspectives of Firms’ Revenue (Gross Earnings, GRE); Interest Income (INT), Profitability (Operating profit, OPR), and Growth (changes in interest income in monetary terms ( $\Delta$  INT), Changes in Interest Income in % ( $\Delta$  INT%), and Changes in Fund Retention for Future Development ( $\Delta$  RTF%).

### 3.2 MODEL SPECIFICATION

Following the supposition that employee involvement is expected to influence firms' performance, this relationship is mathematically expressed in equations (1) to (3):

Model 1

$$PERF = f(EMP_i) \tag{1}$$

Equation (1) is disaggregated thus:

$$GRE = \alpha_{01.1} + \alpha_{1.1} EMP_i + \epsilon_{\alpha 1.1} \tag{1.1}$$

$$INT = \alpha_{01.2} + \alpha_{1.2} EMP_i + \epsilon_{\alpha 1.2} \tag{1.2}$$

$$OPR = \alpha_{01.3} + \alpha_{1.3} EMP_i + \epsilon_{\alpha 1.3} \tag{1.3}$$

Model 2

$$PERF = f(EMP_w) \tag{2}$$

Equation (2) is disaggregated thus:

$$GRE = \beta_{02.1} + \beta_{2.1} EMP_w + \epsilon_{\beta 2.1} \tag{2.1}$$

$$INT = \beta_{02.2} + \beta_{2.2} EMP_w + \epsilon_{\beta 2.2} \tag{2.2}$$

$$OPR = \beta_{02.3} + \beta_{2.3} EMP_w + \epsilon_{\beta 2.3} \tag{2.3}$$

Model 3

$$PERF = f(EMPF) \tag{3}$$

Equation (3) is disaggregated thus:

$$GRE = \mu_{03.1} + \mu_{3.1} EMP_F + \epsilon_{\mu 3.1} \tag{3.1}$$

$$\Delta INT\% = \mu_{03.2} + \mu_{3.2} EMP_F + \epsilon_{\mu 3.2} \tag{3.2}$$

$$\Delta RTF\% = \mu_{03.3} + \mu_{3.3} EMP_F + \epsilon_{\mu 3.3} \tag{3.3}$$

### 3.3 METHODS OF DATA ANALYSIS

The study employed both descriptive and inferential statistical techniques for analysis including minimum value, maximum value, Mean (*M*), standard deviation (*SD*), Z test, One-way ANOVA, correlation and ordinary least square (OLS) regression techniques. To standardise rating on employee involvement disclosures among firms, the Z test statistics was computed thus:

$$Z = (X - M) / SD \tag{4}$$

Where X = score of firm, *M* = Mean, *SD* = Standard Deviation

## 4 RESULTS

### 4.1 ATTRIBUTES OF STUDIED ORGANISATIONS

The descriptive statistics of the variables is presented in Table 1.

Table 1: Descriptive statistics of study variables

Variable	Minimum	Maximum	Mean	Std. Deviation
Gross earnings (in million)	30716	1356967	230056.53	326093.332
Interest income (in million)	25056	1356967	197477.40	329122.672
Operating profit	4536	348637	57532.20	87554.528
Change in interest income	-2453	478474	67388.53	117485.731
Change in interest income (%)	-5.28	108.40	42.1633	25.09394
Change in retention for future devt. (%)	-103	52	-.79	38.780
No of items, EMPI	5	22	11	6
No of words, EMPW	40	150	82	27
Employee value added ((in million)	6527	68804	28085.86	17339.305
Employee value added (%)EMPF	19.00	75.00	41.8571	13.83339



From the result in Table 1, the minimum gross earnings of the selected firms was N30,716 million, maximum was N 1,356,967 million, mean gross earnings stood at N 230,056.53 million. The minimum of interest income was N 25,056 million, maximum stood at N 1,356,967 million, and the mean was N 197,477.40 million. Operating profit stood at a minimum of N 4,536 million, maximum of N 348,637 million; and mean of N 57,532.20 million. The dispersion in gross earnings ( $SD = N 326,093.332$  million), interest income ( $SD = N 329,122.672$  million) and operating profit ( $SD = N 87,554.528$  million) is quite large, confirming sample selection across firms of varying sizes (in terms of earnings, interest income, and operating profit). This was because sample was drawn across the three tiers of banks – regional, national and international banks respectively. The average growth in interest income between 2011 and 2012 financial year of firms was N 67,388.53 million (42.16%), maximum was N 478,474 million (108.40%). Some firms however experienced decline in interest income which accounted for the negative change (-N2,453million, -5.28%), representing the minimum score. Changes in retention for future development (in %) which is the proxy organisational growth, had a minimum of -103%, maximum of 52%, and mean of -0.79%. Whereas some firms experienced expansion in retention for future developments, others had decline in this respect.

In measuring employee involvement, using the first proxy – number of items ( $EMP_I$ ) – the minimum score was 5 items, the maximum 22 items and the average was 11 items with standard deviation of 6 items. Employee involvement, proxied by the number of words ( $EMP_W$ ) had a minimum of 40 words, maximum of 150 words, average of 11 words, and a standard deviation of 27 words. The minimum value-addition attributed to employee ( $EMP_F$ ) in the value added statement was about N 6,527 million (19.00%), maximum was N 68,804 million (75%) and mean was N 28,085.86 million. Overall, the examination of the results on variation (the SD parameter) in the employee involvement proxies  $EMP_I$  ( $SD = 6$  items),  $EMP_W$  ( $SD = 27$  words) and  $EMP_F$  ( $SD = 13.83\%$ ) suggests noticeable variation in the disclosure of employee involvement among selected firms. While some firms recorded high level of employee involvement in organisational affairs, others witnessed low level of involvement of employees.

#### 4.2 LEVEL OF EMPLOYEE INVOLVEMENT IN ORGAISATIONAL AFFAIRS

The scores obtained from Z test on the level of employee involvement were codified thus; Negative values were designated as *Low*, and assigned '1'; positive values up to 1.0 were designated *Moderate* and assigned '2'; while positive values greater than 1.0 were designated High, and assigned '3'. Z scores of firms and values assigned are furnished in appendix 1. The result shows that the disclosure level of employee involvement was predominantly low (10 firms, 67%); 4 firms (27%) scored moderately; but one firm (6%) scored High (appendix 1). Based on this result, it is concluded that the level of employee involvement in organisational affairs in Nigerian banks is low (research objective one).

#### 4.3 DIFFERENCES IN ORGANISATIONAL PERFORMANCE ON THE ACCOUNT OF EMPLOYEE INVOLVEMENT

Differences in the performance of firms was analysed with the independent sample t-test, using the level of employee involvement (measured by the number of words,  $EMP_W$ ) as the grouping variable. The result of the analysis is presented in Appendix 2. There are differences in the performance when the firms were grouped based on level of employee involvement. The p values of gross earnings ( $F = 78.559$ ,  $p = .000 < .01$ ), interest income ( $F = 140.420$ ,  $p = .000 < .01$ ), and operating profit ( $F = 41.455$ ,  $p = .000 < .01$ ) are statistically significant at 5%, while p value of changes in retention for future development ( $F = 3.544$ ,  $p = .084 < .10$ ) is significant at 10%. Changes in interest income in percentage is not statistically significant ( $F = 1.181$ ,  $p = .340$ ). It is concluded that organisations significantly differ in performance on the account of the level of their employees' involvement (research objective two).

#### 4.4 EMPLOYEE INVOLVEMENT AND ORGANISATIONAL PERFORMANCE

Seeing that organisations significantly differ in performance because of the level of employee involvement (as established by the result from the independent sample t-test), it was important to further ascertain the direction (whether positive or negative) and magnitude (weak or strong) of the association between employee involvement and organisational performance. Correlation and regression analysis were employed to address these issues.

##### 4.4.1 Results from Correlation Analysis

The Pearson correlation technique was employed to analyse the relationship between the employee involvement proxies and firm performance proxies (result in Table 2).



Table 2: Correlation analysis between employee involvement and firm performance

Variable	Gross earnings	Chg in interest income	Chg in interest income (%)	Operating profit	Interest income	Change in retention for future devt (%)
EMP <sub>I</sub>	Pearson Correlation	.540*	.540*	.540*	.531*	.570*
	Sig. (2-tailed)	.038	.038	.038	.042	.027
EMP <sub>W</sub>	Pearson Correlation	.652*	.652*	.652*	.628*	.671**
	Sig. (2-tailed)	.012	.012	.012	.016	.009
EMP <sub>F</sub>	Pearson Correlation	.524	.524	.524	.666**	.535*
	Sig. (2-tailed)	.054	.054	.054	.009	.049

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

#### ***Employee involvement and Gross Earnings***

The relationship between gross earning and each of the three proxies for employee involvement is positive. Specifically, the correlation coefficients between Gross Earnings and each of EMP<sub>I</sub> ( $r = .540$ ,  $p = .038 < .05$ ), EMP<sub>W</sub> ( $r = .652$ ,  $p = .012 < .05$ ), and EMP<sub>F</sub> ( $r = .524$ ,  $p = .054 < .10$ ) is positive, semi-strong and statistically significant. On the account of the nature of this relationship, employee involvement in the business of the organisation is expected to bring about improvement in gross earnings of firms.

#### ***Employee involvement and Interest Income***

Interest Income is the major source of income in the banking business, since lending is the core of banking. Interest income is positively, semi-strongly and significantly correlated with EMP<sub>I</sub> ( $r = .570$ ,  $p = .027 < .05$ ); EMP<sub>W</sub> ( $r = .671$ ,  $p = .009 < .01$ ); and EMP<sub>F</sub> ( $r = .535$ ,  $p = .049 < .05$ ). This implies that the greater the level of employee involvement, the greater the interest income is expected to be.

#### ***Employee involvement and Operating profit***

The correlation coefficient between operating profit and EMP<sub>I</sub>, EMP<sub>W</sub> & EMP<sub>F</sub> is .531 ( $p = .042 < .05$ ), .628 ( $p = .016 < .05$ ) and .666 ( $p = .009 < .010$ ) respectively. The employee involvement proxies and operating profit have positive, semi-strong and statistically significant relationships. Employee involvement should bring about greater firm profitability.

#### ***Employee involvement and Firms' Growth***

The study assessed firms' growth using three proxies – changes in interest income in monetary terms, changes in interest income in %, and changes in retention for future development disclosed in the value added statement.

#### ***Employee involvement and firms' growth in interest income***

Monetary Changes in interest income correlates positively with the three employee involvement proxies, but correlates significantly and semi-strongly with two employee involvement proxies –EMP<sub>I</sub> ( $r = .548$ ,  $p < .05$ ) and EMP<sub>W</sub> ( $r = .692$ ,  $p < .01$ ). Changes in interest income (in %) correlates positively with all three employee involvement proxies but semi-strongly and significantly with EMP<sub>F</sub> ( $r = .565$ ,  $p = .035 < .05$ ). It is concluded that there is a significant, positive relationship between employee involvement and firms' interest income since there is a relationship between at least one of the proxies for employee involvement on one hand and changes in interest income on the other.

#### ***Employee involvement and firms' growth in retention for future development***

All three employee involvement proxies are positively correlated with growth in retention for development; while EMP<sub>I</sub> and EMP<sub>F</sub> have a significant, semi-strong relationship with correlation coefficients of .505 ( $p < .10$ ) and .735 ( $p < .05$ ). On the account of the nature of this relationship, it is deduced that employee involvement engenders firms' expansion.

#### 4.4.2 Results from Regression analysis

This section presents the results of the OLS regression model. Tables 3, 4 and 5 contain separate results for the three employee involvement proxies. Comparison of coefficient of determination (R square) comparison across the models for the dependent variables is presented Table 6.

#### Results from Model 1

Table 3: Summary of model 1 results

Model	Dependent variable	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model ANOVA p value	Regressor coefficients (unstandardized)	p value of regressor coefficients
1.1	Gross Earnings	.540 <sup>a</sup>	.292	.238	284745.298	.038 <sup>b</sup>	31541.041	.038
1.2	Interest Income	.570 <sup>a</sup>	.325	.273	280632.810	.027 <sup>b</sup>	33579.966	.027
1.3	Operating Profit	.531 <sup>a</sup>	.282	.227	76969.792	.042 <sup>b</sup>	8328.114	.042
1.4	Changes in interest income	.548 <sup>a</sup>	.301	.247	101964.483	.034 <sup>b</sup>	11529.645	.034

a. Predictors: (Constant), employee involvement (EMP<sub>i</sub>)

ANOVA p value in the summary of results in Table 4 on employee involvement proxy, EMPI, establishes that the four models are statistically significant at 5%, as the p values of models 1.1, 1.2, 1.3 and 1.4 is less than .05. The regressor coefficients of the models are all positive and statistically significant at 5%, because p values are all less than .05; the positive regressor coefficients corroborates our inference of a positive relationship between employee involvement and firm performance, earlier deduced from the correlation analysis in Table 2. Coefficient of determination (R square) implies that 29.2% of the changes in Gross Earnings, 32.5% of changes in interest income, 28.2% of changes in operating profit, and 30.1% of changes in interest income can be individually attributable to employee involvement.

#### Results from Model 2

Table 4: Summary of model 2 results

Model	Dependent variable	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model ANOVA p value	Regressor coefficients (unstandardized)	p value of regressor coefficients
2.1	Gross Earnings	.652 <sup>a</sup>	.425	.377	266056.256	.012 <sup>b</sup>	8107.193	.012
2.2	Interest Income	.671 <sup>a</sup>	.450	.404	262845.776	.009 <sup>b</sup>	8422.628	.009
2.3	Operating Profit	.628 <sup>a</sup>	.394	.344	72894.823	.016 <sup>b</sup>	2083.848	.016
2.4	Changes in interest income	.692 <sup>a</sup>	.478	.435	91227.102	.006 <sup>b</sup>	3096.151	.006

a. Predictors: (Constant), employee involvement, (EMP<sub>w</sub>)

Results of analysis, using EMP<sub>w</sub> as the second employee involvement proxy, in Table 5 reveal that models 2.2 and 2.4 are statistically significant at 1% significance level ( $p < .01$ ) and models 2.1 and 2.3 statistically significant at 5% significance level ( $p < .05$ ). Regressor coefficients of models are all positive and also statistically significant, confirming positive and statistically significant relationship between employee involvement and firms' performance in tandem with the correlation analysis results (Table 2). Coefficient of determination (R square) suggests that 42.5% of increase in gross earnings, 45% increase in interest income, 39.4% increase in operating profit and 47.8% increase in interest income can be attributable to employee involvement in the business of the organisation.

**Results from Model 3**

Table 5: Summary of model 3 results

Model	Dependent variable	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model ANOVA p value	Regressor coefficients (unstandardized)	p value of regressor coefficients
3.1	Gross Earnings	.524 <sup>a</sup>	.275	.215	87967.704	.054b	3762.654	.054
3.2	Changes in interest income (%)	.565 <sup>a</sup>	.319	.262	22.16351	.035b	1.053	.035
3.3	Change in retention for future devt (%)	.735 <sup>a</sup>	.540	.502	27.364	.003b	2.061	.003

a. Predictors: (Constant), employee involvement (EMP<sub>F</sub>)

Table 5 results in respect of model 3 establish the statistical significance of models 3.1, 3.2 and 3.3 at 10%, 5% and 1% level of significance respectively. The regressor coefficients are also significant and positive, confirming positive relationships between employee involvement and firm performance. Going by the R square statistics, Gross earnings increase 27.5% as employee involvement through values attributable to them in the value added statement increases. Interest income also increases 31.9%, and retention for future development increases 54.0% as employee value added increases. Employee involvement therefore causes positive changes in firms' performance.

**Comparison of Results from Models 1,2 & 3**

Table 6: Comparison of coefficients of determination of models

Dependent Variables	Regressors		
	EMP <sub>I</sub>	EMP <sub>w</sub>	EMP <sub>F</sub>
Gross Earnings	.292	.425	.275
Interest Income	.325	.450	n/a
Operating Profit	.282	.394	n/a
Changes in interest income	.301	.478	.319
change in retention for future	n/a	n/a	.540

A comparison of coefficients of determination (R square) yielded by the different employee involvement proxies is tabulated in Table 6. The coefficients of EMP<sub>I</sub> and EMP<sub>F</sub> are close. Though EMP<sub>w</sub> (number of words) gave the highest coefficient of determination amongst the three proxies for Gross Earnings and changes in interest income, on the average the three gives approximately the same results. Overall, the triangulation of employee involvement proxies confirms the same result – employee involvement positively and significantly affects organisational performance (research objective three).

## 4.6 HYPOTHESES-TESTING

### Hypothesis 1

In appendix 2, the ANOVA p value for the four performance measures—gross earnings, interest income, operating profit, and change in retention for future development (%)—are all less than .10. This means there is significant difference in performance, when the firms are segmented based on their level of employee involvement. Thus, hypothesis *H1* is retained that *there is significant difference in the performance of Nigerian banks on the account of the level of employee involvement*. This result corroborates submissions by Kuye & Sulaimon (2011); Khattak, Iqbal & Khattak (2013); and Sofijanova & Zabijakin-Chatleska (2013).

### Hypothesis 2

In Table 2, the correlation coefficients between gross earnings and the three employee involvement proxies,  $EMP_I$  ( $r = .540, p < .05$ ),  $EMP_W$  ( $r = .652, p < .05$ ), and  $EMP_F$  ( $r = .524, p < .10$ ) are statistically significant. Upon regressing each of the three employee involvement proxies against gross earnings, the regression results in Tables 4, 5 and 6 evince statistical significance. Hypothesis *H2-1* is therefore accepted that *employee involvement significantly influences firms' gross earnings*. In Table 2, the correlation coefficients between interest income and the three employee involvement proxies  $EMP_I$  ( $r = .570, p < .05$ );  $EMP_W$  ( $r = .671, p < .01$ ); and  $EMP_F$  ( $r = .535, p < .05$ ) are statistically significant. The regressor coefficients of the employee involvement proxies in Tables 3, 4 and 5 are also statistically significant. Hypothesis *H2-2* is therefore accepted that *employee involvement significantly influences Firms' interest income*. In Table 2, the correlation coefficients between operating profit and the three employee involvement proxies,  $EMP_I$ ,  $EMP_W$  &  $EMP_F$  are: .531 ( $p = .042 < .05$ ), .628 ( $p = .016 < .05$ ) and .666 ( $p = .009 < .010$ ) respectively, are statistically significant. The regressor coefficients of the employee involvement proxies with operating profit as the dependent variable in Tables 3, 4 and 5 are also statistically significant. The hypothesis *H2-3* is therefore retained that *employee involvement significantly influences Firms' operating profit*. In Table 3, monetary changes in interest income correlates positively and significantly with two employee involvement proxies,  $EMP_I$  ( $r = .548, p < .05$ ) and  $EMP_W$  ( $r = .692, p < .01$ ). Percentage changes in interest income (in %) correlates significantly with  $EMP_F$  ( $r = .565, p = .035 < .05$ ). Therefore, the hypothesis *H2-4* which states that *employee Involvement significantly influences firms' growth is retained*.

Based on accepting the four sub-hypotheses, the overriding hypothesis, *H2* is retained that *employee involvement significantly influences firms' performance in the Nigerian banking sector*. This result aligns with earlier studies by Jones & Kato (2005); Kuye & Sulaimon (2011); Khattak, Iqbal & Khattak (2013) and Sofijanova & Zabijakin-Chatleska (2013).

## 5 DISCUSSION

It was observed that employee involvement influences organisational performance. This result is consistent with some prior studies (see, Jones & Kato, 2005; Kuye & Sulaimon, 2011; Khattak, Iqbal & Khattak, 2013; and Sofijanova & Zabijakin-Chatleska, 2013). Some studies have suggested a clear link between employee involvement levels and financial performance (for example, Towers Perrin-ISR; 2003); Hewitt Research Brief, 2004); Towers Perrin Global Workforce Study, 2010).

Towers Perrin Global Workforce Study (2010) reported that organisations with engaged employees showed a 19% increase in operating income and almost a 28% growth in earnings per share over a 12-month period, compared to a more than 32% decrease in operating income and 11% decline in earnings per share of companies with low levels of engagement. According to Hewitt Research Brief (2004), in companies where 60% to 70% of employees were engaged, average total shareholder's return (TSR) stood at 24.2%; in companies with only 49% to 60% of their employees engaged, TSR fell to 9.1 percent; companies with engagement below 25% suffered negative TSR. In a study conducted by Towers Perrin-ISR (2003) using data from over 360,000 employees from 41 companies in the world's ten largest economies, it was reported that in companies with low engagement, both operating margin and net profit margins reduced over a three-year period, whilst in companies with high levels of engagement both these measures increased over the same time. Companies with high (low) engagement level witnessed a 3.74% increase (2.01% decrease) in operating margin profit. Net profit margin was 1.38% in low engagement companies versus 2.06% in high engagement companies.

The practical implication of these observations is that organisations can no longer be complacent about employee involvement. The extension of the opportunity to participate in the affairs of organisations is a way of rousing employee motivation, which in turn affects performance. These results reinforce the importance of employee involvement as an aspect of social sustainability business practice. Furthermore, as management accounting is preoccupied with providing information for discharge of managerial functions, including staffing (Bamber, Broun

& Harrison, 2008; Lambert & Sponem, 2012), and given the multi-disciplinary nature of management accounting (Mishra, 2011; CIMA, 2015; CGMA, 2015), the management accounting function has vital roles to play in furnishing management with accounting and non-accounting information as per human resource management including employee involvement. For example, employee involvement strategies under consideration may have to be evaluated for resource availability and budgets, commercial viability, strategic fit, as well as their impact on organisational performance: these are some of the areas that management accountants may lend their expertise to support social sustainability business practices in the aspect of human resource management in bolstering employee engagement.

## 6 CONCLUSION

The study found that the level of employee involvement in organisational affairs in Nigerian banks is low; firms differ significantly in performance on the account of the level of employee involvement; and employee involvement positively and significantly affects organisational performance – firms with deeper level of employee involvement performed better than others with shallow level of employee involvement.

With respect to low disclosures on employee involvement in more than half of the selected banks, organisations are enjoined to do more in involving their employees, to achieve better results. The banking industry is highly competitive due to the presence of different firms, striving vigorously for relevance. One of the strategies which can be used to compete favourably is a highly motivated workforce, which can be achieved through more employee involvement in organisational affairs. In this regard, the level of involving employees should transcend basic matters that concern their interest as employees, to broader issues in the organisation. Embracing the modern philosophy of regarding employees as strategic resources that can be used to improve core competence to outwit competitors could help erode the negative fixation underpinning traditional wisdom in organisational behaviour that employees are amongst the resources to be exploited to achieve unilateral, organisation-centered goals.

The findings from this research should be applied with caution, as some limitations apply. The study utilized secondary data gleaned from published annual reports: as a result, analysis carried out was limited to information disclosed in respect of employee involvement and Organisational performance in the reports of the selected banks. The study investigated influence of employee involvement on financial performance, but did not consider non-financial performance. Some other areas requiring research attention on the subject of employee involvement in the financial service industry, as well as other sectors in the Nigerian context are: level of employee involvement, factors affecting employee involvement, and the impact of employee involvement on non-financial performance of organisations (including customer satisfaction, business process, learning and growth, new product development), amongst others. A gamut of studies has used primary data focusing on other sectors especially manufacturing concerns. Studies using primary data obtained from financial service firms are needed. Future studies may also consider using primary data, with a view to comparing results obtained from analysis of secondary data as done in this study. In addition, studies can be carried out in other sectors using information provided in annual reports (financial reports and standalone sustainability reports).

Nigerian firms are implored to publish standalone sustainability reports covering a broad spectrum of issues including employee involvement as done in other jurisdictions. Such initiatives could improve the low level of disclosure in respect of social sustainability in general (Oyewo & Isa, 2017), and employee involvement in particular. In September 2012, the Central Bank of Nigeria approved the Nigerian Sustainable Banking Principles (NSBP) with a view to improving sustainability reporting in the Nigerian banking industry. Although nine principles were enunciated, employee involvement was not salient. Considering the importance of employees in the provision of financial services, authorities may consider inculcating employee engagement/employee involvement in organisational affairs upon revision of the NSBP framework.



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## APPENDICES

Appendix 1: Data on sample firms

Diamond	Gross Earnings (Millions)	changes in interest income	changes in interest income (%)	EMP <sub>1</sub>	EMP <sub>F</sub>	Operating profit in million)	interest income (in million)	Change in retention for future devt (%)	EMP <sub>w</sub>	Z score for number of words	Ranking based on Z score-no of words
First	359,253	74,299	34.87	8	37.00	93,295	287,274	6.00	70	-0.44	1
GTB	223,004	43,824	34.65	9	19.00	103,028	170,295	9.00	76	-0.22	1
UBA	220,129	36,413	24.27	6	38.00	52,010	150,003	32.00	81	-0.04	1
Stanbic	91,860	22,390	63.20	6	57.00	11,726	57,818	7.00	107	0.93	2
Zenith	307,082	58,126	35.62	11	29.00	98,592	221,318	14.00	70	-0.44	1
Fidelity	78,996	29,462	59.48	18	40.00	20,843	78,996	26.00	109	1.00	2
Wema	30,716	8,076	47.56	9	51.00	12,476	25,056	-5.00	66	-0.59	1
Diamond	112,352	28,991	25.80	19	34.00	27,483	112,352	52.00	63	-0.70	1
Union	112,794	116,744	108.40	7	75.00	9,060	92,956	-103.00	82	0.00	2
FCMB	116,832	24,534	39.26	5	47.00	16,086	87,021	-37.00	40	-1.56	1
Access	208,309	55,216	52.00	18	32.00	38,405	161,437	12.00	70	-0.44	1
Ecobank	1,356,967	478,474	54.46	22	n/a	348,637	1,356,967	n/a	150	2.52	3
Skye	126,023	26,126	34.87	9	32.00	13,396	101,032	23.00	66	-0.59	1
Unity	61,358	2,453	-5.28	7	47.00	13,410	29,465	-46.00	101	0.70	2
Sterling	45,173	5,700	23.29	7	48.00	4,536	30,171	-1.00	63	-0.70	1

n/a- Not available in financial statement

Source: Extracted from Financial Reports

Appendix 2: Results from analyses of differences in performance using ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Gross earnings (in million)	Between Groups	1383082618177.633	2	691541309088.817	78.559	.000
	Within Groups	105633441300.100	12	8802786775.008		
	Total	1488716059477.733	14			
Interest income	Between Groups	1454360845701.950	2	727180422850.975	140.420	.000
	Within Groups	62143417975.650	12	5178618164.638		
	Total	1516504263677.600	14			
Operating profit	Between Groups	93752062121.550	2	46876031060.775	41.455	.000
	Within Groups	13569072290.850	12	1130756024.238		
	Total	107321134412.400	14			
chg in interest income	Between Groups	181187722706.483	2	90593861353.242	90.197	.000
	Within Groups	12052834253.250	12	1004402854.438		
	Total	193240556959.733	14			
chg in interest income (%)	Between Groups	1449.881	2	724.941	1.181	.340
	Within Groups	7365.998	12	613.833		
	Total	8815.879	14			
change in retention for future devt (%)	Between Groups	4457.857	1	4457.857	3.544	.084
	Within Groups	15092.500	12	1257.708		
	Total	19550.357	13			

Source: Authors' Computation





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## Exploring job embeddedness' antecedents

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### ABSTRACT

Employees are the key resources of organizational success. Developing and maintaining job embeddedness is a cornerstone success in the workplace. The purpose of this research study is to analyze selected antecedents of job embeddedness. Role ambiguity, training, and demographics (age groups, gender and education) were identified from the extant literature as the selected antecedents for this study. An in-depth statistical analysis of the job embeddedness sub-dimensions was conducted in relation to the selected antecedents. Questionnaires were administered among the employees working in the private banks in Egypt. Results revealed a negative relationship between role ambiguity and job embeddedness, a positive relationship between training and job embeddedness, elder employees held higher level of embeddedness compared to young employees, females possessed higher level of embeddedness compared to males, and no significant differences among the various education levels and job embeddedness.

### KEY WORDS

job embeddedness, role ambiguity, training, gender differences, age

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## 1 INTRODUCTION

Why do employees leave their jobs? What makes them willing to stay? What ties them to the organization? What pushes them away? Researchers are still wondering and investigating the reasons behind employees' decisions to leave or to stay. The costs incurred by organizations as a result of employees leaving their jobs are aggregate. Employees depart organizations carrying the knowledge and experience with them. Accordingly, the costs of workforce mobility are becoming a major issue of concern. Organizations are exerting collective efforts towards the retention of talented and qualified workforce. The consequences of employees quitting their jobs are direct and indirect as; recruitment, selection, training and above all the losses of know-how acquired through the learning curves of work processes. Retaining talent is a key success indicator not only for people oriented organizations but also to all organizations. Employers seize every opportunity to save the direct and the indirect costs of employees' leaving the organization. Qualified and talented workforce is the organizational critical resource through which competitive advantage is developed. As such uncontrolled employees' leaves interrupt social and communication networks as well as reducing the level of commitment and unity of those who stay (Mobley, 1982; Staw 1980). This study explores selected antecedents of job embeddedness literature namely; role ambiguity, training, and demographics (age groups, gender and education). Private Banks in Egypt were targeted and self-administered questionnaires were distributed among employees working in the head offices of these banks. Results and discussion as well as managerial implications were addressed.

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## 2 LITERATURE REVIEW

### 2.1 JOB EMBEDDEDNESS

The origins of job embeddedness was first addressed by Granovetter (1985) as an emphasis of how social interactions influence economic activities in sociology literature. Sociologists viewed job embeddedness as the process by which social relations influence and constrain economic action (Granovetter, 1985; Uzzi, 1997). According to this perspective, it is a binding barrier that restricts and constraints employees from leaving the organization. It is the tie up force that could keep employees away from leaving the organization. On the contrary, job embeddedness in the Organization Behavior literature focuses on employees staying on the job with the potential of decreasing the opportunity to leave. Job embeddedness is “a broad set of influences on employee’s decision to stay on the job” (Holtom & Inderrieden, 2006a, p.319). Job embeddedness represents a mix of variables that influence an employee’s decision to remain or leave the organization. It is like a high dam that keeps employees far away from leaving or quitting the organization. In the original conceptualization of job embeddedness (Mitchell, Holtom, Lee, Sablynski & Erez, 2001) expressed the influences of job embeddedness as a web or a net in which a person gets stuck and identified two main sub- dimensions namely; work-related forces that tie an individual to the organization (link, fit, sacrifice) and community-related factors that bind the employee to his/her surrounding community. This 2x3 matrix generated six dimensions of job embeddedness construct (links – organization, fit – organization, sacrifice – organization) and (links – community, fit – community, sacrifice – community). The three dimensions; link, fit and sacrifice determine the extent to which employees are connected to their organizations and community (Oyler, 2007). Shocks were addressed by (Mitchell et.al. 2001a) as the events and the reasons behind employees leaving their jobs. The readiness to leave the organization when a “shock-event” occurs relies mainly on the level of employee’s attachment to the organization and the degree of satisfaction that he/she finds. The researcher defines job embeddedness as a multi-dimensional construct that promotes an employee’s retention to the organization. The three main dimensions/influences that constitute job embeddedness are links; fit and sacrifice are explained hereafter.

- **Links:** “formal or informal connections between an employee and institutions or people” (Holtom et al., 2006a, p.319). Links are the employees’ formal and informal ties to other individual or groups at work. These ties hold them back from departing (Mitchelle et al., 2001). The job links include links that may foster staying (Allen, 2006); through the adoption of normative pressures (Maertz, Stevens & Campion, 2003). Employees suffer from costs of rearrangement of links upon leaving their jobs as they suffer in their homes and lives. Examples of links include; close relationships with family and friends, marital status, number of children who require care, hobbies, tenure in the organization, degree of workplace friendship, and tenure in the current position.
- **Fit:** represents the sense of feeling compatible with the job and the working environment. Oyler (2007) addressed fit as the degree of harmony between the individual and the organization. A better fit means a higher level of satisfaction and commitment (Holtom, Mitchell & Lee, 2006b). In this respect, employees’ convictions, career plans and goals as well as future orientation must be consistent with organization culture, job knowledge and skills.
- **Sacrifice:** “the perceived costs of material or psychological benefits that are forfeited by organizational departure (Holtom et al., 2006a, p.319-320). Sacrifice is what holds employees from departing as they are likely to encounter loss of physical and psychological benefits by leaving the organizations or communities. Sacrifice includes personal loss of leaving good connections, compensation offerings, the things that employees give up on like loss of travel opportunities, overseas training, and a supportive boss (Shaw, Delery, Jenkins & Gupta, 1998).

Several outcomes of job embeddedness have been addressed in the literature as organization citizenship behavior (Lee, Mitchell, Sablynski, Burton & Holtom, 2004; Sekiguchi, Burton & Sablynski, 2008; Wijayanto & Kismono, 2004), job performance (Holtom et.al., 2006a), in-role and extra-role performance, counterproductive behavior and absenteeism (Lee, Burch & Mitchell, 2014; Lee et al., 2004; Ng & Feldman, 2009), perceived organizational support and supervisor support (Giosan, Holtom & Watson, 2005). It is worth mentioning that intention to leave has been conceptualized as one of the significant outcomes of job embeddedness (Holtom & O’Neil, 2004; Lee et.al, 2004; Sun, Zhao, Yang, & Fan, 2012).

### 2.2 ROLE AMBIGUITY

Role ambiguity is the absence of clear, organized and consistent information to a certain job inside the organization to execute tasks and responsibilities effectively (Kahn, Wolfe, Quinn, Snoek & Rosental, 1964). Role ambiguity is a lack of transparency and clarity of an employee’s expected outcomes and behavioral requirements to fulfill these outcomes (Rizzo, House & Lirtzman, 1970). It has been found that role ambiguity is connected directly with anxiety (Katz & Kahn, 1978). Research results showed that lack of role clarity. This in return would result in

frustrated employees as they tend to feel lost among the required tasks and duties could trap employees into trial and error behavior patterns to meet the desired targets leading to lower levels of performance (Rizzo et al., 1970).

### 2.3 TRAINING

Training presents a prime opportunity to expand the knowledge base of all employees. Training is an indicator of management commitment to quality performance (Babakus, Yavas, Karatepe & Avci, 2003; Karatepe & Karadas, 2012). Training has been always viewed as the organization continued attempt to enhance the development of its employees on both the personal and the organizational perspectives. It is a common strategy for retention and stability (Shaw, Delery, Jenkins & Gupta, 1998). Providing the necessary training creates knowledgeable staff that possesses new skills which in return improve production, reduce production costs, reduce mistakes, build confidence, and create a better working environment.

## 3 RESEARCH METHODOLOGY

### 3.1 RESEARCH OBJECTIVE

This study aims to analyze the antecedents of job embeddedness construct namely; role ambiguity, training and demographics (age, gender and education).

### 3.2 PROCEDURE

The researcher collected data from employees working in the head offices of the private banks in Cairo, Giza and Alexandria governorates, Egypt. The management heads of these banks were contacted through a signed letter that elaborated the purpose of the study and requested the permission of data collection through the questionnaires. Top management agreed to distribute the questionnaires electronically over the emails. In order to minimize the common method variance (CMV) issues, (Podsakoff, Mackenzie & Podsakoff, 2012; Podsakoff, MacKenzie, Lee & Podsakoff, 2003) ex-ante procedural remedies were adopted. CMV remedies included stating on the questionnaire clearly the reassurance of anonymity and confidentiality of collected information, all the statements were positively stated in order to reduce apprehension, mixing the order of questionnaire questions, and improving the scale items by providing examples and illustrations.

### 3.3 PARTICIPANTS

The private banks were the selected sector for the purpose of the study as it represents one of the most significant sectors to the Egyptian economy. An insight on previously published data about private banks revealed that most of the employees working in this sector share a relative degree of homogeneity particularly in the educational background as well as relatively similar salaries and compensation packages. The total numbers of employees working in the head offices in Cairo, Giza and Alexandria governorates is 3500 employees. Due to the inability to reach the total population, proportion stratified random sample was used. A number of 800 questionnaires were distributed. The returned complete and valid responses were 600 questionnaires with a response rate 75 %.

### 3.4 RESEARCH MEASURES

All the research constructs were measured by well-established scales used in the extant research. Job embeddedness was measured by (Holtom et al., 2006a) composite scale that combines separate empirical indicators into a single measure. This scale was selected for the purpose of the study as composite measures are good reflectors of complex concepts more adequately than single indicators. Training was measured by (Boshoff & Allen, 2000) scale. While, role ambiguity was assessed by (Rizzo et al., 1970) scale.

### 3.5 RESEARCH HYPOTHESES

The research hypotheses were developed based on previous studies findings and direction for future research. Griffeth, Hom and Gaertner's (2000), meta-analysis study identified four broad categories of job embeddedness antecedents namely; demographic, personality, organizational and external environment. Review of current literature revealed a paucity of studies exploring the antecedents of job embeddedness and demographics specifically in Egypt. The selected antecedents for this study are demographics (age, gender, and education), organizational (training and

role ambiguity). This study focuses on analyzing these selected antecedents of job embeddedness and its sub-dimensions.

### AGE

Wang and Shi (2007) studied the relationship between age and job embeddedness and found that employees aged (41-50) possessed the lowest levels of job embeddedness, while (Griffeth et al., 2010) found that young people are more likely to enjoy a high level of risk-taking than elder people thus, they hold a lower level of job embeddedness towards their organizations. The researcher agrees with the research findings of (Griffeth et al., 2010); hence the first hypothesis is developed as:

***H1: It is expected that young employees will hold a lower level of job embeddedness compared to elder employees.***

### GENDER

Females have been viewed to be less attached to their organizations than males. Griffeth et al. (2000) found no significant differences held among males and females in terms of the level of job embeddedness they possessed. Ng and Feldman (2011) found that women had higher perceptions of organizational embeddedness than men. The researcher perceives the findings of (Ng & Feldman, 2011) to be more applicable on the Egyptian organizations; hence the second hypothesis is posed as:

***H2: It is expected females will enjoy a higher level of job embeddedness than males***

### EDUCATION

Employees who possessed high levels of education tend to be less attached to their jobs. This is attributed to the likelihood of increasing their opportunities of open career gates. Royalty (1998) explained that education creates broad-minded and career driven employees that in return reduces the level of attachment and ties to a given organization.

***H3: It is expected that there will be a negative relationship between education and job embeddedness.***

### ROLE AMBIGUITY

Role ambiguity is one of the factors that could lead to exasperated employees with a sense of feeling unaware of the expected outcomes. It has been shown to be negatively related to turnover and job embeddedness (Griffeth et al., 2000) specifically the organizational dimension of job embeddedness.

***H4: It is expected that there will be a negative relationship between role ambiguity and job embeddedness.***

### TRAINING

Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job. Training process molds the thinking of employees and leads to enhancing their quality performance. It is continuous and never ending process in nature. Previous studies showed a positive relationship between training and job embeddedness (Bergiel, Nguyen, Clenney & Taylor, 2009; Davidson, McPhail & Barry, 2011; Poulston, 2008; Yang, Wan & Fu, 2012).

***H5: It is expected that there will be a positive relationship between training and job embeddedness.***

## 4 STATISTICAL RESULTS AND ANALYSIS

This section presents the statistical results of the research hypotheses. All the research hypotheses are analyzed with regard to the dimensions of job embeddedness (Fit, Link and Sacrifice).

**SCALE VALIDITY AND RELIABILITY:** a pilot study was conducted on a number of 50 participants to check the validity and reliability of the scales. Results revealed that all the selected scales are valid and reliable with Cronbach Alpha (0.872-0.957) at 0.01 level of significance, and that they are appropriate for the purpose of the study.

**DEMOGRAPHIC CHARACTERISTICS:** Table 1 shows the collected demographic characteristics of the research sample.

Table 1: Demographic characteristics of the study

Demographic Variables	Details	Frequency	%
<b>Gender</b>	<b>Male</b>	<b>405</b>	<b>67.5</b>
	<b>Female</b>	<b>195</b>	<b>32.5</b>
<b>Age Groups</b>	<b>20- 29</b>	<b>152</b>	<b>25.3</b>
	<b>30- 39</b>	<b>276</b>	<b>46</b>
	<b>40- 49</b>	<b>127</b>	<b>21.2</b>
	<b>Above 50</b>	<b>45</b>	<b>7.5</b>
<b>Education Level</b>	<b>University Graduate</b>	<b>427</b>	<b>71.2</b>
	<b>Professional Diploma Holder</b>	<b>132</b>	<b>22</b>
	<b>MBA Holder</b>	<b>16</b>	<b>2.7</b>
	<b>DBA Holder</b>	<b>25</b>	<b>4.2</b>

*Hypothesis Number One: It is expected that young employees will hold a lower level of job embeddedness compared to elder employees.*

One-way ANOVA test results are presented in the Table 2:

Table 2. Results of one-way ANOVA (Age groups and job embeddedness)

<b>Age Group</b>	<b>Age Groups</b>			
	<b>20-</b>	<b>30-</b>	<b>40-</b>	<b>Above 50</b>
<b>20-</b>	3.700 <sub>1</sub> (0.073) <sub>2</sub>	0.141 <sub>3</sub>	0.218 <sub>3</sub>	0.263 <sub>3</sub>
<b>30-</b>		3.529 <sub>1</sub> (0.063) <sub>2</sub>	0.358 <sub>4</sub>	0.405 <sub>4</sub>
<b>40-</b>			3.887 <sub>1</sub> (0.098) <sub>2</sub>	0.047 <sub>3</sub>
<b>Above 50</b>				3.934 <sub>1</sub> (0.162) <sub>2</sub>
<b>F-ratio= 4.587, d.f=(3,596) Sig=0.003, Sig at 0.01, p&lt;0.01</b>				

- 1: denote the mean value for each group
- 2: denote the standard error (S.E) for each group
- 3: Denote the mean differences between two intersected groups
- 4: Denote the existing differences between two groups

- Based on the above results and through running Tukey test, differences among the different age groups are seen specifically within the groups (40-) and (Above 50) with regard to the level of job embeddedness held among them.

#### ***Results of Age Groups and Job Embeddedness-Fit Sub-dimension***



Table 3: Results of one-way ANOVA (Age groups and job embeddedness-fit)

Fit Sub-Dimension	Age Group	Age Groups				F - ratio (df)	Sig. F
		20-	30-	40-	Above 50		
Fit - Organization	20-	3.594 <sub>1</sub>	0.030 <sub>2</sub>	0.351 <sub>4</sub>	0.420 <sub>4</sub>	4.879 (3,596)	0.002 p<0.01
		(0.094) <sub>2</sub>					
	30-		3.564	0.381 <sub>4</sub>	0.451 <sub>4</sub>		
			(0.069)				
	40-			3.945	0.069		
			(0.096)				
Above 50				4.015	(0.158)		
Fit - Community	20-	3.811	0.245 <sub>2</sub>	0.092 <sub>4</sub>	0.122 <sub>4</sub>	3.816 (3,596)	0.010 p <0.01
		(0.078)					
	30-		3.566	0.336 <sub>4</sub>	0.367 <sub>4</sub>		
			(0.069)				
	40-			3.903	0.03		
			(0.103)				
Above 50				3.933	(0.169)		
Fit	20-	3.703	0.137 <sub>2</sub>	0.221 <sub>4</sub>	0.271 <sub>4</sub>	4.501 (3,596)	0.004 p <0.01
		(0.076)					
	30-		3.565	0.359 <sub>4</sub>	0.409 <sub>4</sub>		
			(0.064)				
	40-			3.924	0.05		
			(0.098)				
Above 50				3.974	(0.162)		

- 1: Denote the mean value for each group
- 2: Denote the standard error (S.E) for each group
- 3: Denote the mean differences between two intersected groups
- 4: Denote the existing differences between two groups

- Based on the above results and through running Tukey test, differences among the different age groups are seen specifically within the groups elder age specifically the fit-organization dimension with respect to the age group (above 50)

### Results of Age Groups and Job Embeddedness-Links Sub-dimension

Table 4: Results of one-way ANOVA (Age groups and job embeddedness-links)

Links Sub-Dimension	Age Group	Age Groups				F - ratio (df)	Sig. F
		20-	30-	40-	Above 50		
<b>Links - Organization</b>	20-	3.674 <sub>1</sub>	0.161 <sub>2</sub>	0.241 <sub>3</sub>	0.298 <sub>4</sub>	5.080 (3,596)	0.002 p<0.01
		(0.082) <sub>2</sub>					
	30-		3.514 <sub>1</sub>	0.402 <sub>2</sub>	0.458 <sub>3</sub>		
			(0.069) <sub>2</sub>				
40-			3.915 <sub>1</sub>	0.057 <sub>2</sub>			
			(0.100) <sub>2</sub>				
Above 50				3.972 <sub>1</sub>	(0.166) <sub>2</sub>		
<b>Links - Community</b>	20-	3.489 <sub>1</sub>	0.055 <sub>2</sub>	0.291 <sub>3</sub>	0.328 <sub>4</sub>	4.376 (3,596)	0.005 p<0.01
		(0.081) <sub>2</sub>					
	30-		3.433 <sub>1</sub>	0.347 <sub>2</sub>	0.384 <sub>3</sub>		
			(0.064) <sub>2</sub>				
40-			3.780 <sub>1</sub>	0.037 <sub>2</sub>			
			(0.094) <sub>2</sub>				
Above 50				3.817 <sub>1</sub>	(0.153) <sub>2</sub>		
<b>Links</b>	20-	3.581 <sub>1</sub>	0.108 <sub>2</sub>	0.266 <sub>3</sub>	0.313 <sub>4</sub>	4.963 (3,596)	0.002 p<0.01
		(0.078) <sub>2</sub>					
	30-		3.473 <sub>1</sub>	0.374 <sub>2</sub>	0.421 <sub>3</sub>		
			(0.063) <sub>2</sub>				
40-			3.847 <sub>1</sub>	0.047 <sub>2</sub>			
			(0.096) <sub>2</sub>				
Above 50				3.894 <sub>1</sub>	(0.158) <sub>2</sub>		

1: Denote the mean value for each group

2: Denote the standard error (S.E) for each group

3: Denote the mean differences between two intersected groups

4: Denote the existing differences between two groups

- Based on the above results and through running Tukey test, differences among the different age groups are present specifically within the groups (40- and above 50)

*Results of Age Groups and Job Embeddedness-Sacrifice Sub-dimension*

Table 5: Results of one-way ANOVA (age groups and job embeddedness-sacrifice)

Sacrifice Sub-Dimension	Age Group	Age Groups				F - ratio (df)	Sig. F
		20-	30-	40-	Above 50		
Sacrifice - Organization	20-	3.783 <sub>1</sub>	0.167 <sub>2</sub>	0.121 <sub>4</sub>	0.298 <sub>4</sub>	2.934 (3,596)	0.033 p<0.01
		(0.074) <sub>2</sub>					
	30-		3.616 <sub>1</sub>	0.288 <sub>2</sub>	0.458 <sub>4</sub>		
		(0.064) <sub>2</sub>					
	40-			3.904 <sub>1</sub>	0.057 <sub>2</sub>		
(0.099) <sub>2</sub>							
Above 50				3.972 <sub>1</sub> (0.166) <sub>2</sub>			
Sacrifice - Community	20-	3.667 <sub>1</sub>	0.186 <sub>2</sub>	0.210 <sub>4</sub>	0.328 <sub>4</sub>	4.523 (3,596)	0.004 p<0.01
		(0.088) <sub>2</sub>					
	30-		3.481 <sub>1</sub>	0.396 <sub>2</sub>	0.384 <sub>4</sub>		
		(0.071) <sub>2</sub>					
	40-			3.877 <sub>1</sub>	0.037 <sub>2</sub>		
(0.106) <sub>2</sub>							
Above 50				3.817 <sub>1</sub> (0.153) <sub>2</sub>			
Sacrifice	20-	3.725 <sub>1</sub>	0.177 <sub>2</sub>	0.165 <sub>4</sub>	0.210 <sub>4</sub>	3.954 (3,596)	0.008 p<0.01
		(0.076) <sub>2</sub>					
	30-		3.548 <sub>1</sub>	0.342 <sub>2</sub>	0.386 <sub>4</sub>		
		(0.065) <sub>2</sub>					
	40-			3.890 <sub>1</sub>	0.044 <sub>2</sub>		
(0.102) <sub>2</sub>							
Above 50				3.934 <sub>1</sub> (0.170) <sub>2</sub>			

- 1: Denote the mean value for each group
- 2: Denote the standard error (S.E) for each group
- 3: Denote the mean differences between two intersected groups
- 4: Denote the existing differences between two groups

- Based on the above results and through running Tukey test, differences among the different age groups are present specifically within the groups (30- / 40- and above 50).

The statistical results and as presented in Tables (2, 3, 4 & 5) it is concluded that there is a difference among the age groups in the level of job embeddedness held. Accordingly, the first hypothesis can be accepted.

*Hypothesis Number Two: It is expected females will enjoy a higher level of job embeddedness than males.*

T-test was used to analyze the differences among males and females. The following Table 6 shows the results with regard to job embeddedness construct.

Table 6: Results of T-test gender and job embeddedness

Gender	Descriptive Statistics			
	Mean	S.E	CI for mean with 95%	
			LL	UL
Males	3.577	0.054	3.471	3.682
Females	3.867	0.066	3.736	3.997
<b>T-Value = 3.409, df=442, Sig=0.001, Sig at 0.01, p&lt;0.01</b>				

From the previous Table 6 the mean values show that females enjoy a higher level of job embeddedness compared to males.

*Results of Gender and Job Embeddedness-Fit sub-dimension*

Table 7: Results of T-test (gender and job embeddedness-fit)

Fit Sub - Dimension	Gender	Descriptive Statistics				T-Value (df)	Sig.
		Mean	S.E	CI for mean with 95%			
				LL	UL		
Fit - Organization	Males	3.612	0.057	3.499	3.725	2.328 (401)	0.020 p<0.05
	Females	3.839	0.078	3.684	3.995		
Fit-Community	Males	3.616	0.058	3.503	3.729	3.767 (442)	0.000 p<0.01
	Females	3.959	0.07	3.819	4.099		
Fit	Males	3.614	0.054	3.508	3.72	3.266 (429)	0.001 p<0.01
	Females	3.899	0.068	3.764	4.035		

- All the results show that females possessed a higher level of Job-Embeddedness-Fit sub-dimension compared to males.

*Results of Gender and Job Embeddedness-Links Sub-dimension*

Table 8: Results of T-test (gender and job embeddedness-links)

Links Sub - Dimension	Gender	Descriptive Statistics				T-Value (df)	Sig.
		Mean	S.E	CI for mean with 95%			
				LL	UL		
Links - Organization	Males	3.574	0.057	3.461	3.687	3.352 (437)	0.001 p<0.01
	Females	3.881	0.071	3.74	4.022		
Links-Community	Males	3.452	0.053	3.347	3.557	3.426 (423)	0.001 p<0.01
	Females	3.751	0.069	3.615	3.888		
Links	Males	3.513	0.054	3.407	3.619	3.502 (433)	0.001 p<0.01
	Females	3.816	0.068	3.682	3.95		

All the results show that females possessed a higher level of Job -Embeddedness-Links sub-dimension compared to males.



*Results of Gender and Job Embeddedness-Sacrifice Sub-dimension*

Table 9: Results of T-test (gender and job embeddedness-sacrifice)

Sacrifice Sub - Dimension	Gender	Descriptive Statistics				T-Value (d.f)	Sig.
		Mean	S.E	C.I for mean with 95%			
				LL	UL		
Sacrifice - Organization	Males	3.652	0.054	3.546	3.757	3.240 (435)	0.001
	Females	3.931	0.067	3.798	4.063		p<0.01
Sacrifice-Community	Males	3.553	0.061	3.434	3.672	2.982 (442)	0.003
	Females	3.839	0.074	3.693	3.986		p<0.01
Sacrifice	Males	3.603	0.056	3.493	3.712	3.219 (445)	0.001
	Females	3.885	0.067	3.751	4.019		p<0.01

- All the results show that females possessed a higher level of Job -Embeddedness-Sacrifice sub-dimension compared to males.

Based on the statistical results and as shown in Tables (6, 7, 8 & 9) indicate that there is a difference among males and females in the level of job embeddedness held. Accordingly, the second hypothesis can be accepted. *Hypothesis Number Three: It is expected that there will be a negative relationship between education and job embeddedness.*

One-way ANOVA test was used to test this hypothesis. Table 10 shows the results of the relationship between the level of education and Job –Embeddedness construct.

Table 10: Results of one-way ANOVA for education level and job-embeddedness

Education Level	University Graduate	Professional Diploma Holder	MBA Holder	DBA Holder
University Graduate	3.636 (0.047)			
Professional Diploma Holder		3.737 (0.104)		
MBA Holder			3.692 (0.308)	
DBA Holder				3.904 (0.223)
<b>F-ratio = 0.760, d.f= (3,596), Sig = 0.517, p&lt;0.05 (Not Significant)</b>				

- From the previous Table 9, it is shown that there is no significant differences between the various education levels and job embeddedness construct.

*Results of Education Levels and Job Embeddedness-Fit Sub-dimension*

Table 11: Results of T-test (education levels and job embeddedness-fit)

Fit Sub-Dimension	Education Levels	Education Levels				F - ratio (d.f)	Sig. F
		University Graduate	Professional Diploma	MBA Holder	DBA Holder		
Fit - Organization	University Graduate	3.639 (0.055)				0.873 (3,596)	0.455 p>0.05
	Professional Diploma		3.790 (0.102)				
	MBA Holder			3.771 (0.325)			
	DBA Holder				3.880 (0.227)		
Fit - Community	University Graduate	3.704 (0.052)				0.385 (3,596)	0.764 p >0.05
	Professional Diploma		3.758 (0.107)				
	MBA Holder			3.771 (0.281)			
	DBA Holder				3.933 (0.235)		
Fit	University Graduate	3.672 (0.048)				0.655 (3,596)	0.580 p >0.05
	Professional Diploma		3.774 (0.103)				
	MBA Holder			3.771 (0.298)			
	DBA Holder				3.907 (0.226)		

- Results of Table 11 show no significant difference between the various education levels and job-embeddedness-fit.

*Results of Education Levels and Job Embeddedness-Links Sub-dimension*

Table 12: Results of T-test (education levels and job embeddedness-links)

Links Sub-Dimension	Education Levels	Education Levels				F - ratio (d.f)	Sig. F
		University Graduate	Professional Diploma	MBA Holder	DBA Holder		
Links - Organization	University Graduate	3.630 (0.052)				0.994 (3,596)	0.395 p>0.05
	Professional Diploma		3.765 (0.104)				
	MBA Holder			3.672 (0.328)			
	DBA Holder				3.940 (0.220)		
Links - Community	University Graduate	3.501 (0.049)				1.566 (3,596)	0.196 p >0.05
	Professional Diploma		3.633 (0.098)				
	MBA Holder			3.578 (0.304)			
	DBA Holder				3.910 (0.201)		
Links	University Graduate	3.566 (0.049)				1.324 (3,596)	0.266 p >0.05
	Professional Diploma		3.699 (0.100)				
	MBA Holder			3.625 (0.316)			
	DBA Holder				3.925 (0.209)		

- Results of Table 12 show no significant difference between the various education levels and job-embeddedness-links.

Table 13: Results of T-test (education levels and job embeddedness- sacrifice)

Sacrifice Sub-Dimension	Education Levels	Education Levels				F - ratio (LJ)	Sig. F
		University Graduate	Professional Diploma	MBA Holder	DBA Holder		
Sacrifice - Organization	University Graduate	3.732 (0.047)				0.253 (3,596)	0.859 p>0.05
	Professional Diploma Holder		3.742 (0.106)				
	MBA Holder			3.734 (0.295)			
	DBA Holder				3.920 (0.226)		
Sacrifice - Community	University Graduate	3.608 (0.054)				0.632 (3,596)	0.595 p >0.05
	Professional Diploma Holder		3.735 (0.112)				
	MBA Holder			3.625 (0.332)			
	DBA Holder				3.840 (0.253)		
Sacrifice	University Graduate	3.670 (0.048)				0.395 (3,596)	0.757 p >0.05
	Professional Diploma Holder		3.739 (0.108)				
	MBA Holder			3.680 (0.312)			
	DBA Holder				3.880 (0.238)		

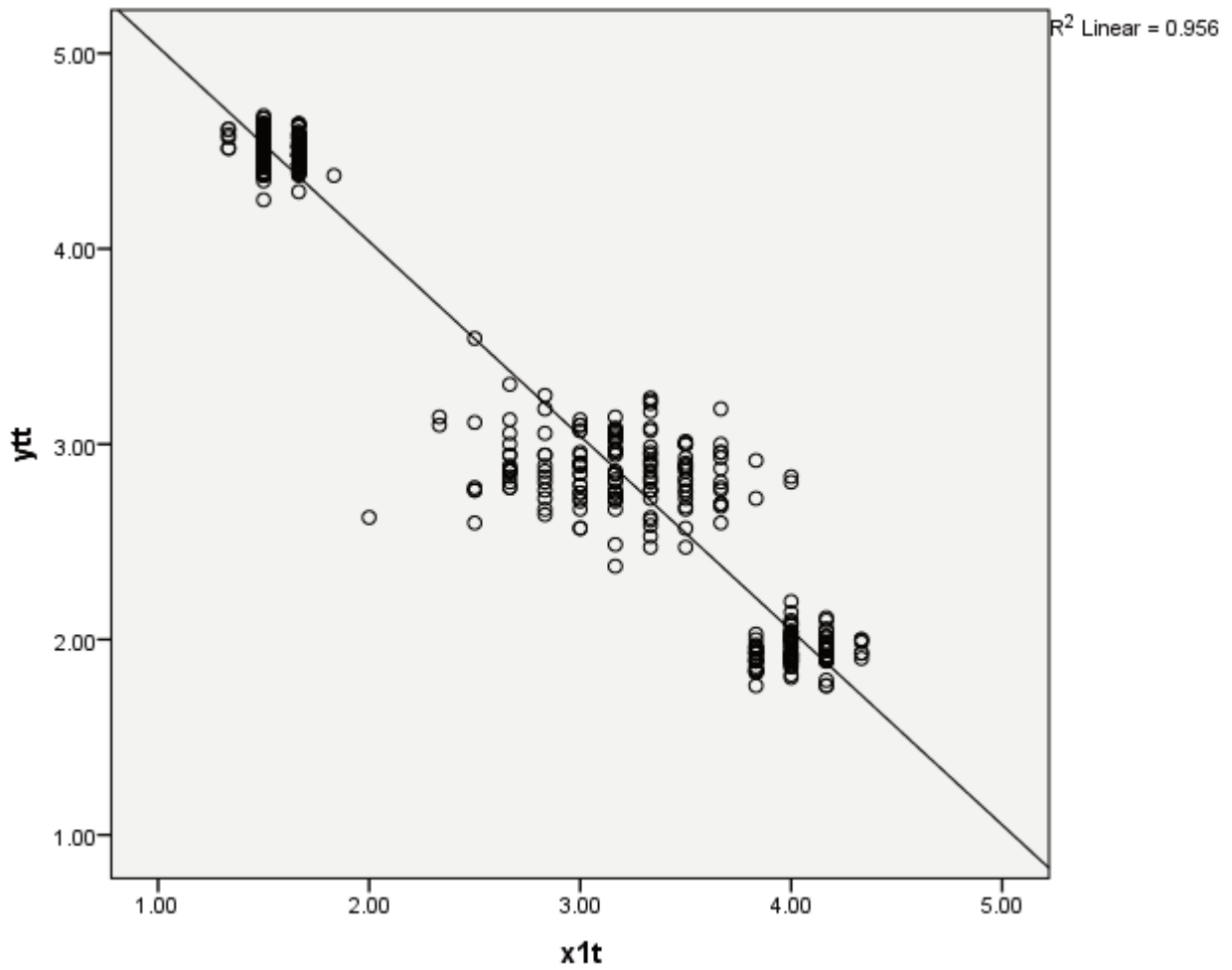
- Results of Table 13 show no significant difference between the various education levels and job-embeddedness-Sacrifice.

The statistical results and as presented in Tables (10, 11, 12 & 13) reveal no significant difference across all the educational levels and job embeddedness including all its sub-dimensions. Accordingly, the third hypothesis can be rejected.

*Hypothesis Number Four: It is expected that there will be a negative relationship between role ambiguity and job embeddedness.*

Simple regression analysis was used to test the effect of role ambiguity on job embeddedness. The following scatter diagram (Figure 1) shows the shape of the effect whereby the x-axis represents Job embeddedness and the y-axis represents Role Ambiguity.

Figure 1: Scatter diagram – the effect of role ambiguity on job embeddedness



The results shown in the previous Figure 1 indicate that there is a negative linear relationship with ( $R^2 = 95.5$ ). This is further elaborated in Table 14:

Table 14: Simple regression analysis – role ambiguity and job embeddedness

<b>Estimated Parameters</b>	$Y = 6.028 - 0.995X1t$
<b>Parameter Test (T-test)</b>	$(266.281)** (-113.3791)**$
<b>Model Test</b>	$F\text{-ratio} = 12854.695**, df = (1, 598)$
	$Sig = 0.000, p < 0.01, R^2 = 95.5\%, S.E. = 0.219$

\*\* : significance at 0.01



**Results of Role Ambiguity and Job Embeddedness-Fit Sub-dimension**

The following Table 15 shows the results of simple regression analysis with respect to Job Embeddedness-Fit (sub-dimension). There is a negative relation with  $R^2=92.2\%$ .

Table 15: Simple regression analysis – role ambiguity and job embeddedness – fit

<b>Fit - Organization</b>	<b>Estimated Parameters</b>	$Y = 6.060 - 1.002X1t$
	<b>Parameter Test (T-test)</b>	$(115.462)^{**} (-49.249)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 2425.513^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 80.2\%, SE = 0.508$
<b>Fit - Community</b>	<b>Estimated Parameters</b>	$Y = 6.045 - 0.979X1t$
	<b>Parameter Test (T-test)</b>	$(118.396)^{**} (-49.432)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 2443.570^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 80.3\%, SE = 0.495$
<b>Fit</b>	<b>Estimated Parameters</b>	$Y = 6.052 - 0.991X1t$
	<b>Parameter Test (T-test)</b>	$(199.176)^{**} (-84.059)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 7065.97^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 92.2\%, SE = 0.295$

\*\* : significance at 0.01

**Results of Role Ambiguity and Job Embeddedness-Links Sub-dimension**

The following Table 16 shows the results of simple regression analysis with respect to Job Embeddedness-Links (sub-dimension). It is seen that there is a negative relation with  $R^2=92\%$ .

Table 16: Simple regression analysis – role ambiguity and job embeddedness – links

<b>Links - Organization</b>	<b>Estimated Parameters</b>	$Y = 6.057 - 1.007X1t$
	<b>Parameter Test (T-test)</b>	$(137.638)^{**} (-58.978)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 3478.360^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 85.3\%, SE = 0.427$
<b>Links - Community</b>	<b>Estimated Parameters</b>	$Y = 5.834 - 0.965X1t$
	<b>Parameter Test (T-test)</b>	$(155.251)^{**} (-66.205)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 4383.060^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 88.0\%, SE = 0.364$
<b>Links</b>	<b>Estimated Parameters</b>	$Y = 5.946 - 0.986X1t$
	<b>Parameter Test (T-test)</b>	$(194.231)^{**} (-83.031)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 6894.157^{**}, df = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 92.0\%, SE = 0.297$

\*\* : significance at 0.01

**Results of Role Ambiguity and Job Embeddedness-Sacrifice Sub-dimension**

The following Table 17 shows the results of simple regression analysis with respect to Job Embeddedness-Sacrifice (sub-dimension). It is concluded that there is a negative relation with  $R^2=92.2\%$ .

Table 17: Simple regression analysis – role ambiguity and job embeddedness – sacrifice

<b>Sacrifice - Organization</b>	<b>Estimated Parameters</b>	$Y = 6.025 - 0.964X1t$
	<b>Parameter Test (T-test)</b>	$(167.350)** (-69.027)**$
	<b>Model Test</b>	$F\text{-ratio} = 4764.67**, d.f = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 88.8\%, S.E. = 0.349$
<b>Sacrifice - Community</b>	<b>Estimated Parameters</b>	$Y = 6.146 - 1.056X1t$
	<b>Parameter Test (T-test)</b>	$(130.636)** (-57.863)**$
	<b>Model Test</b>	$F\text{-ratio} = 3348.093**, d.f = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 84.8\%, S.E. = 0.456$
<b>Sacrifice</b>	<b>Estimated Parameters</b>	$Y = 6.085 - 1.010X1t$
	<b>Parameter Test (T-test)</b>	$(196.737)** (-84.174)**$
	<b>Model Test</b>	$F\text{-ratio} = 7085.328**, d.f = (1,598)$ $Sig = 0.000, p < 0.01, R^2 = 92.2\%, S.E. = 0.300$

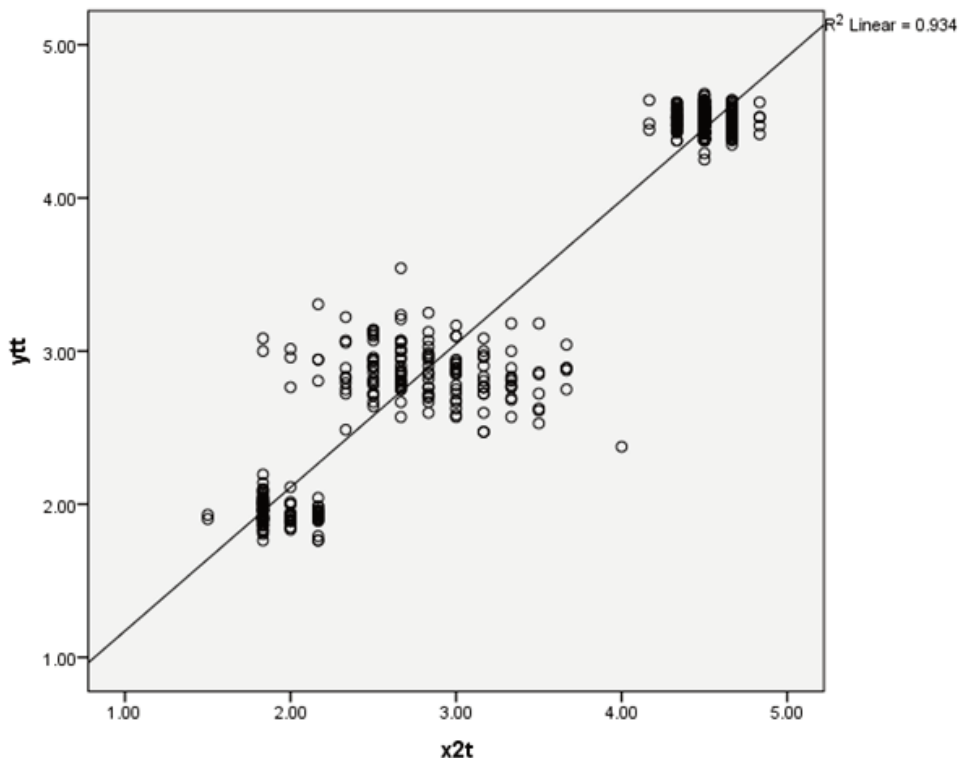
\*\* : significance at 0.01

Based on all the results presented in Tables (14, 15, 16, and 17) hypothesis number four can be accepted.

Hypothesis Number Five: It is expected that there will be a positive relationship between training and job embeddedness.

Simple regression analysis was used to test the effect of training on job embeddedness. The following scatter diagram (Figure 2) shows the shape of the effect whereby the x-axis represents Job embeddedness and the y-axis represents training.

Figure 2: Scatter diagram – the effect of training on job embeddedness



The results shown in the previous Figure 2 indicate that there is a positive linear relationship with ( $R^2 = 93.4\%$ ). This is further elaborated in Table 18:

Table 18: Simple regression analysis – training and job embeddedness

<b>Estimated Parameters</b>	$Y = 6.028 - 0.995X1t$
<b>Parameter Test (T-test)</b>	$(266.281)** (-113.3791)**$
<b>Model Test</b>	$F\text{-ratio} = 12854.695**, df = (1,598)$
	$Sig = 0.000, p < 0.01, R^2 = 95.5\%, SE = 0.219$

\*\* : significance at 0.01

### *Results of Training and Job Embeddedness-Fit Sub-dimension*

The following Table 19 shows the results of simple regression analysis with respect to Job Embeddedness-Fit (sub-dimension). There is a positive relation with  $R^2 = 86.5\%$ .

Table 19: Simple regression analysis – training and job embeddedness – fit

<b>Fit - Organization</b>	<b>Estimated Parameters</b>	$Y = 0.432 + 0.888X2t$
	<b>Parameter Test (T-test)</b>	$(4.684)** (36.763)**$
	<b>Model Test</b>	$F\text{-ratio} = 1351.491**, df = (1,598)$
$Sig = 0.000, p < 0.01, R^2 = 69.3\%, SE = 0.634$		
<b>Fit - Community</b>	<b>Estimated Parameters</b>	$Y = 0.280 + 0.941 X2t$
	<b>Parameter Test (T-test)</b>	$(4.030)** (51.697)**$
	<b>Model Test</b>	$F\text{-ratio} = 2672.626**, df = (1,598)$
$Sig = 0.000, p < 0.01, R^2 = 81.7\%, SE = 0.477$		
<b>Fit</b>	<b>Estimated Parameters</b>	$Y = 0.356 + 0.914 X2t$
	<b>Parameter Test (T-test)</b>	$(6.312)** (61.896)**$
	<b>Model Test</b>	$F\text{-ratio} = 3831.061**, df = (1,598)$
$Sig = 0.000, p < 0.01, R^2 = 86.5\%, SE = 0.387$		

\*\* : significance at 0.01

### Results of Training and Job Embeddedness-Links Sub-dimension

The following Table 20 shows the results of simple regression analysis with respect to Job Embeddedness-Links (sub-dimension). It is seen that there is a positive relation with  $R^2=92.4\%$ .

Table 20: Simple regression analysis – training and job embeddedness – links

<b>Links - Organization</b>	<b>Estimated Parameters</b>	$Y = 0.090 + 0.978X_2$
	<b>Parameter Test (T-test)</b>	$(1.658)^{**} (68.411)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 4680.055^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 88.7\%, S.E. = 0.375$
<b>Links - Community</b>	<b>Estimated Parameters</b>	$Y = 0.232 + 0.905X_2$
	<b>Parameter Test (T-test)</b>	$(3.960)^{**} (58.859)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 3464.974^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 85.3\%, S.E. = 0.403$
<b>Links</b>	<b>Estimated Parameters</b>	$Y = 0.161 + 0.941X_2$
	<b>Parameter Test (T-test)</b>	$(3.841)^{**} (85.510)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 7311.975^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 92.4\%, S.E. = 0.288$

\*\* : significance at 0.01

### Results of Role Ambiguity and Job Embeddedness-Sacrifice Sub-dimension

The following Table 21 shows the results of simple regression analysis with respect to Job Embeddedness-Sacrifice (sub-dimension). It is seen that there is a positive relation with  $R^2=91.2\%$ .

Table 21: Simple regression analysis – training and job embeddedness – sacrifice

<b>Sacrifice - Organization</b>	<b>Estimated Parameters</b>	$Y = 0.413 + 0.909X_2$
	<b>Parameter Test (T-test)</b>	$(7.522)^{**} (63.167)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 3990.132^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 87\%, S.E. = 0.377$
<b>Sacrifice - Community</b>	<b>Estimated Parameters</b>	$Y = -0.037 + 1.005X_2$
	<b>Parameter Test (T-test)</b>	$(-0.554)^{**} (-57.484)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 3304.456^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 84.7\%, S.E. = 0.459$
<b>Sacrifice</b>	<b>Estimated Parameters</b>	$Y = 0.188 + 0.957X_2$
	<b>Parameter Test (T-test)</b>	$(4.049)^{**} (78.656)^{**}$
	<b>Model Test</b>	$F\text{-ratio} = 6186.744^{**}, df = (1,598)$
		$Sig = 0.000, p < 0.01, R^2 = 91.2\%, S.E. = 0.319$

\*\* : significance at 0.01

Based on all the results presented in Tables (18, 18, 20, and 21) hypothesis number five can be accepted.

## 5 DISCUSSION

This research aimed at analyzing selected job embeddedness antecedents namely; role ambiguity, training, and demographic characteristics (age, gender and education). Previous literature studies were analyzed and accordingly research hypotheses were posed. Self-administered questionnaires were developed using sound, and valid scales among employees working in the private banking sector in Egypt. Results revealed a negative relationship between role ambiguity and job embeddedness, a positive relationship between training and job embeddedness, elder employees held higher level of embeddedness compared to young employees, females possessed higher level of embeddedness compared to males, and no significant differences among the various education levels and job embeddedness. This study makes an important contribution to the job embeddedness literature through exploring several antecedents in relation to the sub-dimensions of job embeddedness especially within the Egyptian domain. The findings lend a weight to the concept that employees do consider the sub-dimensions of job embeddedness separately.

Results revealed that older employees held a higher level of job embeddedness when compared to young employees. This was obvious among the three job embeddedness sub-dimensions (fit, link and sacrifice). This result agrees with the findings of (Griffeth et al., 2010). The researcher views the results to be coherent with previous research suggestions. Older people don't attempt to accommodate changes in their jobs or communities easily. Change gets to be difficult to approach especially if they feel fitting and linked with their organizations and communities. The willingness and the ability to sacrifice current jobs decreases and hence embeddedness acts as a tie that locks them to their organizations. On the other hand, young employees tend to accept new trails and career opportunities. They can cope easier with life changing pace and the notion of 'change is the only constant'. As such fitting and linking themselves to the organization is not strong enough compared to older employees and their readiness to sacrifice is higher.

As for the gender, results showed that females enjoy a higher level of job embeddedness for the three sub-dimensions compared to males. This result is tied to the oriental Egyptian culture that tends to impose more obligations on women with regard to work-family balance. Family commitments are the first priorities for many women and financial obligations also tie them up to their jobs. As such stability in the job is a psychological tie specifically if the job is a private sector whereby security on the job is not guaranteed. The sense of link to the job is well-established once they feel fitting particularly if the community and family endorses this. Males on the other hand, enjoy a higher level of freedom to move across organizations especially if they can find jobs with higher organizational positions and better payment. The community supports males to move freely even if their move is overseas as their obligations are more financial than operational towards their families and communities. This elevates their readiness to move across jobs regardless of fit, link or sacrifice dimensions.

It was found that no significant differences among the various educational levels and job embeddedness sub-dimensions. This result disagrees with previous findings of Royalty (1998). The researcher perceives these results to be attributed to the fact that private banks in Egypt tend to offer minimum promotional opportunities and payment differences among the various educational degrees. Growth and promotion are based on performance rather than on educational degree progress. This is also apparent as most of the employees are university graduates compared to professional diploma holders, MBA holders and DBA holders. The ties to the organization and the community will not vary as employees don't feel tangible or morale differences among the various educational degrees.

Results indicated training to be positively related to job embeddedness and its sub-dimensions. The highest effect was on (link-organization), followed by (sacrifice-organization) and then (fit-community) sub-dimension. This supports the idea of valuing the workforce and investing in employees will improve loyalty, increase their tie-up forces to the organization and foster employees' attitudes towards staying with the organization for long. Training had the highest impact on (link –organization) is a coherent objective of training exercise as employees feel connected and linked to their organizations especially when the organization is concerned with improving their skills. This was followed by the willingness to sacrifice after acquiring new skills and with the organizational expenditure on their intellectual skills. Last is to feel a sense of (fit-community) whereby employees feel proud to share with the community their organizational investment in them.

Role ambiguity was reported to be negatively related to job embeddedness and its sub-dimensions. The differences among the three sub-dimensions were not significant. Fit and sacrifice sub-dimensions reported equal relationship ( $R^2=92.2\%$ ), while link sub-dimension showed ( $R^2=92\%$ ). These findings support the idea that lack of well-communicated objectives and transparency practices evoke the sense of detachment inside the workplace. Embracing clarity loops across employees will maintain an improved sense of embeddedness. Spending time in a workplace full of doubts will promote the idea of dusting off jobs and is likely to break the embeddedness ties towards the workplace.



## 6 MANAGERIAL IMPLICATIONS

Organizations should foster the generation of job embeddedness across its all sub-dimensions (fit, link and sacrifice).

The following are some proposed recommendations to management and decision-makers inside organizations:

1. Recognize performance among young and elder employees equally as this will help young employees to feel a sense of appreciation and attachment towards the organization.
2. Offer equal development and growth opportunities among all employees.
3. Applaud the results of females and males equally. A sense of equality specifically among females is perceived to be of a real tangible return.
4. Disseminate transparency practices among all the organizational goals and objectives communicated to employees. This provides a real boost towards magnifying job embeddedness.
5. It is hard to stay positive without being fueled! Training is the fuel of positive attitudes towards the organization. It promotes organizational willingness to enhance employees' intellectual skills.
6. Envision education across all the board as it is the key driver of self-development and the compelling path towards building valuable job embeddedness and appreciation.

## 7 RESEARCH LIMITATIONS AND FUTURE STUDIES

Due to cost constraints the study was adopted on Cairo, Giza and Alexandria governorates, Egypt only. It is recommended that the research could be extended to other governorates within Egypt to gain a better insight for the generalization of the results. Future research could extend to include several other antecedents to enrich the existing academic literature specifically in the Middle East region.

## 8 CONCLUSION

This research study aimed at analyzing selected antecedents of job embeddedness in the private banking sector in Cairo, Egypt. Questionnaires were distributed relying on previously published scales. Statistical analysis were conducted and results revealed a negative relationship between role ambiguity and job embeddedness, a positive relationship between training and job embeddedness, elder employees held higher level of embeddedness compared to young employees, females possessed higher level of embeddedness compared to males, and no significant differences among the various education levels. Discussion and managerial implications were developed based on the research findings.

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## Employee recruitment outsourcing in Bangladesh: An ethical dilemma

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### ABSTRACT

The present paper focuses on the ethical issues resulting from recruitment outsourcing in Bangladesh. It is a case based explorative study. Besides secondary data, both outsourced employees and employers who engage in outsourcing for their organization were interviewed to reach the valid data. Poor salary and benefit structure of the outsourced employees, different folded discrimination between in-house and outsourced employees, employee poaching from the competitors with the help of 3rd parties are some of the findings of the study that are creating ethical dilemma for organizations and employees as well. Both from the demographic perspective and subject matter the study is original one.

### KEY WORDS

human resource outsourcing, ethical dilemma, employee poaching, outsourced employee, original employee, Bangladesh

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## 1 INTRODUCTION

In 1990 William Davidow and Michael Malone suggested that organizations should not do all of their activities by them own, except their core activities. They have their limitation in capacity and skill; they can take help from others. These 'others' are none but, the outsourcing firms, the third party (Haden, 2006). According to Seth and Sethi (2011), outsourcing is a work done for a company which was done previously by people other than the company's internal full-time employees. Huma (2013) opined that in 1990s organizations began to focus more on cost saving measures and started to outsource their non-core activities, like accounting, human resources, data processing, internal mail distribution, security, plant maintenance etc.

In Bangladesh outsourcing came as 'global outsourcing' or 'offshore outsourcing' in IT sector where the client stays outside the territory of the country. Such type of outsourcing is familiar as freelancing or e-lancing in Bangladesh. At the period of 2000, many other sectors like, marketing, legal system, human resource management etc. started outsourcing that was the beginning of domestic outsourcing. The actual time and date of Human Resource Outsourcing (HRO) in Bangladesh is not known but it is assumed that from the year of 2005 the idea of HR outsourcing was initiated. When the tasks of a human resource manager like, HR planning, recruitment, selection, pay plan, performance appraisal, career counseling etc. are handed over to a third party to complete, based on agreement is called Human Resource Outsourcing (HRO). According to Hesketh (2006, p. 6), "Human resource outsourcing, HRO, is purchasing by an organization of ongoing HR services from a 3rd party provider that it would otherwise normally provide for itself."

Practice of HRO in outside Bangladesh is broader. Some organizations outsource a list of HR services, especially in the west; whereas in the east take one or two types of services. In the Asia pacific the decision of HRO is influenced by confidentiality and privacy issues of the client company. It takes more time to build trust on an outsourcing firm so that like west the eastern organizations are don't take large number of services at a time (Abdul-Halim & Che-

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Ha, 2011). In Bangladesh the demanding HRO services are recruitment and selection, training, labor law and compliance services. (Hossain & Abdullah, 2017).

Though we have already passed a century of HRO, the field has not reached in maturity level. Academic research on HRO based on our country is very limited in number, even the relationship between HR outsourcing and organizational performance are unfocused to the academicians of Bangladesh. In spite of repetitive negative consequences by the clients and outsourced employees this section is unprivileged as well. Most of the literature reviewed from 2000-2017 for this study are secondary data based; practical examples were absent there. By considering the issues this study will give focus the harmful consequences of recruitment and selection outsourcing both on organization, employees and the country as well. *The research question of the paper is: What are the negative sides of recruitment and selection outsourcing in Bangladesh?*

The demographic perspective and hypothesis based practical examples make the study different from recent papers and findings. The findings will build a new avenue both for HRO researchers and practitioners both within in country and abroad.

The paper is organized into five parts: introduction, literature review, methodology, results and discussion and last part is conclusion. In introduction part a short summary of the paper is given. The purposes of the study, research questions, research findings, uniqueness of the research etc. are incorporated in this part. In the literature review part, some recent research findings both from Bangladesh and abroad were integrated. Hypotheses were developed based on the literature. In the methodology section, sample and population size, questionnaire structure, demographic pattern were discussed. In 4th part, the result section, research question was answered through hypotheses testing and showed how the study is different from the previous studies. The last part, in the conclusion section limitation and scope of the further research was shown. Research implications are also added for policy makers.

## 2 LITERATURE REVIEW

Most of the research on HRO was what, how and when based. In this study literature on HRO from the time period of 2000-2017 was used. According to the survey report (Esen, 2004) by Society of Human Resource Management (SHRM), the most common negative impact of an outsourcing decision is on the quality of customer service. Besides, loss of control, impact on company culture, loss of jobs, lack of qualified vendors etc. are some other negative impacts of HRO according to the study. Scott-Jackson, Newham and Gurney (2005) developed a list of HRO challenges that may result in unsuccessful HRO decision; challenges are divided into 3 classes (Table 1): challenges from vendors, challenges from employees and challenges from management and culture.

Table 1: Challenges of human resource outsourcing (HRO)

Challenges of HRO	
Challenges from vendor	Lack of prior outsourcing experience Might not be able to locate right vendors Inability to understand what to look for in vendors Existing vendors might not be qualified
Challenges from employees	Resistance from employees in general Fear about job loss in HR Resistance within HR Customer service of employees might be affected
Challenges from management and culture	Fears about loss of control Resistant within senior management Fears that outsourcing might impact company culture

Source: Scott-Jackson, Newham and Gurney (2005).

From any other functional area of HRO, recruitment and selection have more negative consequences for its clients. Some of the most widely discussed negative impacts from recruitment and selection outsourcing are:

**Quality of work:** As organizations hire 3<sup>rd</sup> party for their internal work, it is common that the work may be copied; company strategy would be known which hampers quality in the long run (Saylor academy, 2012). A study by Fisher et al. (2008) identified five characteristics of HRO and showed the impact of those characteristics on personnel and organizational performance. These five characteristics are: physical location, temporal nature exclusivity, voluntariness and strategic value of the work; based on these characteristics organizations face challenges in designing work, employee transitions, managing performance and turnover, and legal obligations. The study



concluded with the proposition that the more socialization the outsourced employees achieved, their performance will be increased. Cooke, Shen and McBride (2005) also focused loss of quality and long term competitiveness, higher total cost and loss of employee morale are considered as the adverse consequences of HRO. According to quality expert Deming when quality of a service increases it reduces mistakes and rework and input can be utilized in an efficient way that increases productivity. Customers also feel happy as they get value for their money (Kadu, n.d). Yeboah (2013) added that the more outsourcing is increased the more competitive advantage of the organization will be decreased in value. But in the study (2013), he failed to show strong correlation between outsourcing and organizational productivity.

Inability to choose a *right vendor* also directly results in poor service quality. In an outsourcing decision as service is produced outside the organization or by the outsiders (3rd party) the right vendor selection is the precondition for HRO success (Klopach & Krizer, 2000; Gray, 2002). Findings from the study by Smith, Vozikis and Varaksina (2006) on HRO practice on Russian and U.S. firms suggested that 17% organizations find difficulties in finding vendors, 24% believe that there is lack of qualified vendors and 49% respondents agree that vendors have lack of outsourcing experience in general. Selecting a vendor or outsourcing partner is very important as it helps to control costs and increasing value while ensuring quality and helps to mitigate risks. Vendor's performance is important in order to ensure continued success. Khanduja (2010) identified five key features to find a successful vendor which are market reputation of the vendor in the similar field, customer's turnover during the last 5 years, certificates of the vendor, employee turnover and consistency of financial growth. In a study, Abdul-Halim, Ramayah and Ee (2013) found that trust between the both parties, business understanding of each party 'in terms of operation dealings, behavioral goals, business procedures and policies' (Hsu et al., 2005), and both sided communication have a positive impact on HRO success which are the common consideration of vendor selection.

*Loss of control* is another reason of poor quality of service. Loss of control in outsourcing activities not only occurs not only as the employees stay outside the client organization but also they are different from organization goal, mission and culture of the client organization (Axelrod, 2004). To avoid the day to days responsibilities when organizations hire third party loss of control can be a common phenomenon in this regard.

***Sudden cost fluctuation:*** It is another negative side of recruitment and selection outsourcing decision. Though a third party says from the starting of contact that the decision would save money but HRO decision may incur hidden costs (Kakabadse and Kakabadse, 2000a, 2000b), like, cost of using outdated technology, cost of management and coordination of contractors, unplanned logistic activities, cost of poor or substandard quality, cost of cash flow and unforeseen risks etc. (Burton, 2013). So, HRO may increase cost rather than cost saving after starting the work.

***Changed Company culture:*** Alike quality of service, practice of company culture is greatly influenced by a good selection of outsourcing vendor. Lawler et al. (2005) focused on maintaining good relationship between the two parties: service takers and providers to tap the best services from the providers. He added that though this relation is easy to start, but harder to terminate. Before developing such agreement a client need to consider the environmental factors. Zhu et al. (2001), opined that 'even though the ideal outsourcing process is often described as a being linear, well planned, having clear goals, etc. in reality this rational approach may not be feasible' (cited in Edwin & Awle, 2015, p. 94) as because of future uncertainty. Murrell (2015) showed HRO impact on company culture by demonstrating 3 interviews in his study: in the first interview Murrell showed the employees became frustrated as outsourcing results a lot of changes, like in salary and benefits. In the second interview negative wave of cultural change was minor as the client organization maintained adequate communication with outsourced employees and outsourcing firm. But in the third interview the impact of change was terrible as the total HR was outsourced and the general employees of the organization dealt with day to day basis with HR. So it can be said that the sooner the relationship between the parties is well developed and nourished, the later there is a chance of opportunism from the supplier (Bryceson, 2006).

***Loss of jobs and poor salary structure:*** The impact of outsourcing on jobs depends on the nature of outsourcing: if the outsourcing is for cost minimization job loss is obvious; on the other hand, if outsourcing is for capacity development for the organization or for the employees it does not hamper job security (Mohiuddin, n.d). Maximum international outsourcing or offshore outsourcing is undertaken for cost reduction that can endanger the domestic economy by destroying domestic employment opportunity and creating offshore employment, as well (Mohlmann & Groot, n.d), and it is said that such unemployment occurs more with low-skill employees than the high-skilled (Bandyopadhyay, Marjit & Yang, 2010). Though academic research are not adequate on domestic outsourcing and its impact on employment, Fredman (n.d) described the issue by the following way: "... domestic outsourcing that results in lower wages and benefits may or may not result in price savings to that company's customers, but it always has a negative impact on domestic consumption, because the replacement workers earn less and the replaced workers find themselves out-priced in their field. Thus, on the whole, this kind of outsourcing has an overall depressing effect on economic growth, which contributes to unemployment in the aggregate. Only jobs that get outsourced to higher-quality workers have an unambiguously positive economic effect."

**Employee poaching:** It is the practice of hiring employees from the competitor's organization by alluring them by higher salary and benefit or professional growth. It is practiced generally in those industries where specialized skilled employees are required, like IT sector. In past, the process of employee poaching was comparatively hard; the organizations had to direct connection or network with the person who would be hired. But now-a-day the process has become easier with the help of LinkedIn or other professional sites (Reddy, n.d.). In some cases organizations hire 3rd party or executive firms to avoid legal issues, vengeance, negative image regarding the poaching (Reddy, n.d.). However, whether employee poaching is ethical or unethical is a controversial issue. Some argues that poaching is good when it is for new organizations as they need skilled, established and experienced employees for their sustenance. But others argue that poaching is not fair when it is exercised by an organization; but when an employee wants to be poached it may be fair (Cook, 2015).

Number of research on HRO is not very much prominent in Bangladesh. Most of them are IT (information technology) outsourcing based. Bose, Uddin and Huda (2013) worked on the prospects of IT outsourcing on Bangladesh. On the other hand, Islam (n.d.) worked on information and communication technology (ICT) where he emphasized on training for the development of the sector. Other studies, by Mahmood (2015) and Hossain (2017) discussed problems and prospects of outsourcing. Research on HRO on Bangladesh was first becoming available by Mahmud, Billah and Chowdhury (2012) that gave an overview of HRO on our telecom sector. In the study (2012) he identified some motivational factors of outsourcing. Later, Jahedi (2016) worked on HRO on public sector which is also 'when and how' based. In the previous study (Hossain & Abdullah, 2017) a general picture of HRO was given irrespective to IT firms and other private and public organizations. Here must be noted that some other negative impacts were found in Bangladesh which were not available in previous literature. However, studies showing relationship between HRO as well as recruitment and selection outsourcing and its negative impacts as well as unethical impacts are rare.

Based on the above discussed literature following hypotheses can be developed:

*Hypothesis 1: Job of outsourced employees is not secured because of easy replacement.*

*Hypothesis 2: Recruitment outsourcing initiates sweat shop problem as outsourced employees are provided poor salary, poor benefit etc.*

*Hypothesis 3: Recruitment outsourcing results in mediocre quality of service as outsourced employees are not properly motivated.*

*Hypothesis 4: Outsourced employees feel identity crisis while working at client's premise.*

*Hypothesis 5: Sometimes recruitment outsourcing is engaged in employee poaching.*

*Hypothesis 6: In the long run recruitment outsourcing may damage national economy.*

### 3 METHODOLOGY

It is a case based explorative study. A qualitative exploratory framework was used to collect data. To reach the negative consequences created by recruitment and selection outsourcing expert interview was undertaken so that they get freedom to demonstrate their knowledge and talk at length. 40 HR executives are chosen based on convenient sampling from various service takers. As there is no govt. approved list of service takers, website of the service providers helped to reach their clients. Before selecting the clients they were classified as per their industry category. From the website 20 service takers were selected who took recruitment and selection service (Table 2).

Table 2: Demographic characteristics of the respondents (employer)

	Industry	Number of organizations	Number of respondents	Year of experience	Gender	
					M	F
HR executives	Private commercial banks	3×2	6	2-5	√	√
	Food and beverage	3×2	6	2-4	√	
	Insurance	2×2	4	2-4	√	
	Infrastructure development company	3×2	6	2-4	√	√
	IT firm	3×2	6	3-4	√	√
	Govt. commercial bank	3×2	6	2-4	√	√
	Mobile company	3×2	6	3-4	√	√
	Total respondents			40		

To ensure the accuracy, 20 outsourced employees (Table 3) are also interviewed on the same questionnaire. As it was very difficult to reach the outsourced employees in the same organization where the employers (who were interviewed) belong and as there is no authentic number of outsourced employees snowball sampling was used. Because snowball sampling is the only technique to reach the respondent where their number is unknown; in this technique a respondent acts as a reference of another respondent. This sampling technique is often used in 'hidden populations' which are difficult for researchers to access, or in cases where a sampling frame is hard to establish and it is assumed that cases are affiliated through links that can be exploited to locate other respondents based on existing ones." From the perspective of Dragan and Maniu (2013), 'hidden population' is synonym to very 'seldom population' or 'population which is very difficult to encounter' not because of their illegal existence, rather than in absence of their official information. From the various snowball sampling technique linear snowball sampling was used where the first subject recruited to the sample group provides only one new referral (snowball sampling). Each new referral was explored until primary data from sufficient amount of samples were collected. Before recruiting the sample, a letter was sent to the sample seeking their permission.

Table 3: Demographic characteristics of the respondents (outsourced employees)

Outsourced employees	Industry	Number of respondents	Year of experience	Gender	
				M	F
	Care line officer	5	3	√	√
	Front desk executive	2	2-3	√	
	IT program coordinator	4	3-5	√	
	Sales representative	3	2-4	√	√
	Cash officer	3	3-4	√	√
	HR staff	3	2-3	√	√
	Total respondent	20			

In-depth interview was used for data collection as it is very helpful to make rapport with the interviewer to collect various unfold problems (B2B International, n.d). Besides, as the respondents were not comfortable in sharing negative sides of recruitment outsourcing, such type of interview session was undertaken to make them comfortable to share the pros and cons of the issue.

For the study open-ended questionnaire was developed so that right amount of detail can be reached. As Table 4 show, in the questionnaire there were 2 parts: general and specific part. All information regarding respondent's name, age, working experience etc. are accumulated in general part of the questionnaire. In the specific part, some questions were developed that were not directly related with negative impacts of outsourcing, rather they were helpful to judge the situation from ethical perspective. The specific part focused on employees' job insecurity, discriminatory salary structure, employee poaching and identity crisis of the outsourced employees. Factors considering unethical identified both from literatures and pilot study were incorporated in the specific part of the questionnaire. Besides questionnaire, interview notes were kept to go the depth of the context and confidential issues.

Table 4: Structure of the questionnaire

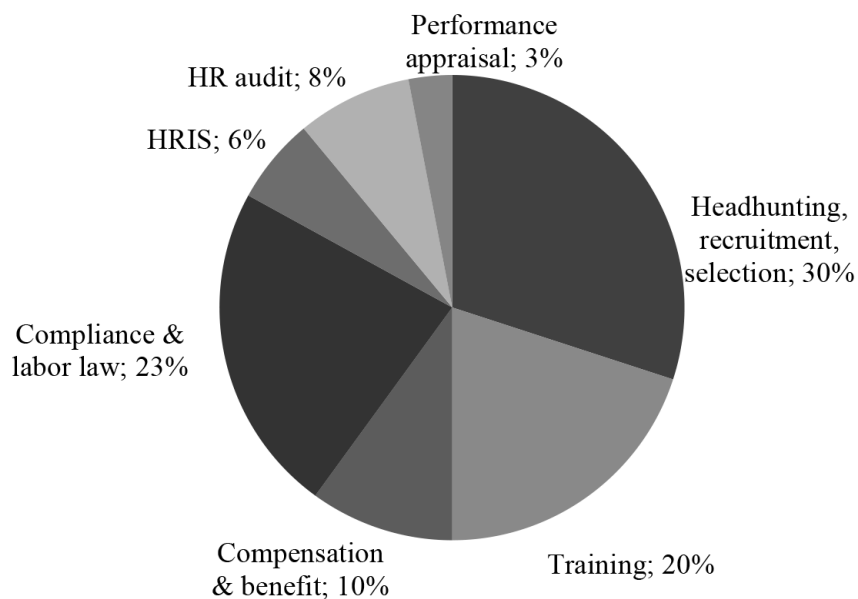
Structure of the questionnaire		
Part 1 General information	name and address of the respondent	
	educational background	
	current organization/position	
	year of working experience	
Part 2 Specific information	reasons for recruitment & selection outsourcing	time and cost effectiveness to maintain quality of work to sustain in competition
	negative sides resulting from recruitment & selection outsourcing	job insecurity
		discriminatory salary and benefit structure
		employee poaching
	identity crisis	

## 4 RESEARCH RESULTS AND DISCUSSION

### (a) Recruitment and selection outsourcing in Bangladesh

It is the early years for recruitment and selection outsourcing in Bangladesh. From the previous study by Hossain and Abdullah (2017) it is found that generally in Bangladesh, HR outsourcing vendors offer 7 types of HR functions for outsourcing: recruitment and headhunting, training assistance, performance appraisal, compliance and labor law, compensation and benefit, HR audit and Human Resource Information System (HRIS). 30% vendors provide recruitment and selection services, whereas training and labor law assistance is provided by 20% and 23% of the vendors respectively (Figure 1). Findings of the study also suggested that the most demanding HR outsourcing service in Bangladesh is recruitment and selection. Here, recruitment and selection outsourcing is divided into 3 classes: first, headhunting- where managerial level of employees is outsourced and they work in client organization as permanent employees. To the vendor it is considered as 'service buying by the client'. Second, recruitment of non-managerial level employees, like, marketing executive, care line officer etc. and the third, recruitment of lower-level employee, like- security guard, driver, cleaner etc.; the 2nd and 3rd part of the class are considered as 'service broker' as the employees are temporary choose for the client organization; even for salary and other benefits employees have to depend upon outsourced firms (Hossain, 2018).

Figure 1: Demand for HRO services in Bangladesh



Source: Hossain and Abdullah (2017), p.70.

### (b) Hypothesis testing on Ethical perspective of recruitment outsourcing

#### ***Hypothesis 1: Job of outsourced employees is not secured because of easy replacement.***

Recruitment and selection outsourcing creates job insecurity by two ways: one is through downsizing of existing workforce of the client organization; and the other is replacement of poor performed outsourced employee by a new one. Job cut of the existing employees through outsourcing is common phenomenon throughout the world. In Bangladesh it is generally practiced for the lower to mid-level employees, who have less chance for career progression. In tertiary level, employees can easily adapt with the change of new environment. But in mid-level, employees can't easily adapt themselves with the new organizational culture. In this way, outsourcing practice may bring harsh change in their career. Table 5 shows a practical example of number of employees in a department before and after hiring a third party (case 2). Though this study failed to present adequate literature evidence on the job security of outsourced employees; but, in Bangladesh, the outsourcing practice makes the employee placement and replacement option more prudent and available so that in some cases clients even don't try to keep outsourced employees when their performance is comparatively low. Again, no replacement charge from the third party underpins change employees very often.

**Case 1:** In February 2016, a mobile operator in Bangladesh started a job cut both the non-managers and mid-level managers because of the involvement in organizing trade union. Many of the employees received email of their firing decision in the morning when they open their email in office. Some of them were fired without any prior warning and show-cause notice. Though according to many HR professionals fire an employee using electronic method is



strictly prohibited, the organization did it. Many of the fired and unfired employees believed that organization wanted to hire employees through third party and 'trade union involvement' was the excuse to make the posts vacant.

**Case 2:** Here is the structure of HR department of X organization before and after recruitment outsourcing. It is seen that after outsourcing the department had lessened its number of employees.

Table 5: Structure of HR department of X organization: Before and after outsourcing

	Year 2015 (before outsourcing)	Year 2016 (after outsourcing)	Remarks
Head of HR	1	1	Same
Number of manager in the dept.	3	2	Downsized
Number of staff in the dept.	10	8	Downsized

**Hypothesis 2: Recruitment outsourcing initiates sweat shop problem as outsourced employees are provided poor salary, poor benefit etc.**

According to US labor law, when any business establishments violate two or more labor laws regarding poor working conditions, like, unfair wages, unreasonable working hour, child labor, lack of benefits etc. are considered as sweat shop (Sweatshops are ethical, n.d.). Bangladesh, china where labor costs are low is suffering from sweat shop problem, especially the labors of garment and tannery sectors. It seems that recruitment outsourcing for non-managerial positions is directed to sweat shop in Bangladesh as they practice low level of payment with nominal to zero benefit plan, long working hour etc.

**Case 3:** In a care-line department, an entry level officer was compensated by taka 22,000 to Taka 25000 with the benefit of tk. 5,000 as monthly cell phone bill and organizational transport when he was recruited directly by its own employer/organization. But the salary of an outsourced care-line officer came to the range of Tk. 9,000-Tk. 13,000 with less or no benefits when organization started involving third party. Similarly it was also observed that an in-sourced employee was entertained with more working flexibility and day-off than an outsourced one.

It must be noted that though sweatshops are not unethical as employees enter such low paid contract willingly (Sweatshops are ethical, n.d.) but it is the form of employee exploitation (Starak, n.d).

**Hypothesis 3: Recruitment outsourcing results in mediocre quality of service as outsourced employees are not properly motivated.**

The outsourced employees, especially in the operational level are provided inequitable salary and benefits in relation to the in-sourced same level of employees which results in de-motivation within the employees and disturbance in the quality service.

**Case 2:** In the middle of 2015 one of the top multinational organizations named XY hired 50 sales men for their product promotion from a 3rd party. After a month the outsourced firm had to replace 7 employees because of continuous customer complaints concerning their poor performance.

**Case 3:** Mr. Z, a complaint manager of a call center shared that their complaints had increased 10% than before when the organization started recruitment outsourcing. Most of the problems were: misunderstanding of customers' problem, not providing appropriate solution to the problems, keep waiting clients for a long time and poor answering quality. When complaints became awful organization dismiss the employees.

**Hypothesis 4: Outsourced employees feel identity crisis while working at client's premise.**

In a client organization identity of an outsourced employee becomes doubtful. Though both types of employees, in-sourced and outsourced are working side by side the outsourced employees feel discriminated from the perspective of salary-benefit and working condition. They are not considered as the original employees of client organization, they are considered as the employees of a third party. Even they get known by the name of 3<sup>rd</sup> party.

**Case 5:** Miss PU is working in a non-managerial post of a MNC outsourced from a 3<sup>rd</sup> party named Zed, said that in the workstation they are named with the name of 3<sup>rd</sup> party, like, PU Zed. Again, when they make call to the clients on behalf of the vendor (service taker) they have to introduce them as an employee of 3<sup>rd</sup> party working in the vendor organization. The receiver from other side of the phone when understands it they loss hope for solving the problem.

**Hypothesis 5: Sometimes recruitment outsourcing is engaged in employee poaching.**

Like other countries in the world, in Bangladesh some vendors are engaged in poaching for their clients. To avoid negotiation, legal complexities clients do not contract directly with the candidate; they rely on 3<sup>rd</sup> party.

**Case 4:** Mr. Z is an employee of ABC headhunting firm. The purpose of the firm is to hire mid to top level managers; directors, head of the dept., etc. Generally candidates register their name to them to get their job. Sometimes



*they make liaison between new employer and employee from the competitor on the request of the clients. Generally agreement with a poached employee is done for three to five years.*

**Hypothesis 6: In the long run recruitment outsourcing may damage national economy.**

Outsourcing has a great impact on economy whether it is undertaken domestically or internationally. The reasons for outsourcing may be different: getting expertise, avoiding the complexity of labor union, to reach the low cost labor etc. But at the end of the day the most obvious advantage from outsourcing the client receives is cost saving by inequitable distribution of salary structure between original and outsourced employees (Pearlstein, 2012).

Making outsourcing with the intention to cost reduction injure the economy. It increases shareholders' profit but decreases purchasing power of the employees by shrinking salary and benefit structure of the outsourced employees. Even many employees become jobless with the recruitment outsourcing contact. Poor salary structure of the employee results a poor living standard, income inequality between rich and poor and financial insecurity. In labor economics, Efficiency wage theory, suggested that when employees are provided above average salary it will increase employee morale and reduce employee turnover and dissatisfaction (Efficiency wage, n.d.).

Outsourcing not only restrict quality living of the employees; rather restrict the quality of products and services for the consumers. It leads to unhappy employees and customers. By hiring a lower paid employee the organization never expects a higher quality job which ultimately creates negative image for the organization, as well.

Hypotheses 1, 2, 3, 4, 5 and 6 were accepted on the basis of practical examples. But hypotheses 2, 3, and 4 may not be acceptable in case of top employees. If the organization collects employee through poaching they are always tried to keep satisfied though higher salary and benefits.

## 5 CONCLUSION

The demand for recruitment outsourcing is increasing day by day in our country specifically in the multinational organizations. Cost reduction and risk aversion are the main reasons for such increasing demand. For the purpose of cost saving both client and vendor organization follow some practices. These practices are though not illegal but seem unethical both for employees and customers as it disturbs the moral behavior of the organization. Throughout the research the following unethical issues were found:

- a) Job of outsourced employees is not secured.
- b) Dissatisfaction of outsourced employees regarding salary and benefit structure leads average quality of service.
- c) Recruitment outsourcing, specially, for non-managerial positions is directed to sweat shop in Bangladesh as they practice low level of payment with nominal to zero benefit plan, long working hour etc.
- d) In Bangladesh some vendors are engaged in poaching for their clients which is also a negative side of recruitment.
- e) In some cases outsourced employees are not considered as the employees of client organization rather they are considered as the employees of a third party which creates immense unfairness within the organization.
- f) Recruitment outsourcing practice may damage national economy of the country.

These findings solved the research question and they are different both from demographical and subject matter perspective. From the demographic perspective, the number of studies of recruitment and selection outsourcing is very insufficient in Bangladesh. Some studies were undertaken on IT outsourcing over here. From the subject area, academic studies on ethical practice of recruitment outsourcing are also not adequate. Though blogs and newspapers made write-ups on this issue; academic research with practical example is quite unavailable.

It is obvious that to avoid the grey side of recruitment outsourcing and to ensure the maximum benefit from it some policy need to be developed. A govt. approved salary structure, proper monitoring system to ensure quality, cancellation of registration of poor quality vendors can be some of the ways to ensure ethics in the operation of outsourcing firms and within the clients as well.

The main constraints of the research were the obstacles in data collection and interview. Confidentiality issues restricted the respondents to share real scenario of the issue. As the practice is new in Bangladesh, many outsourcing firms have started their work very recent. Lack of data, information and experience of the organization regarding the area were the constraints to achieve more valid and quality information. Another limitation of the research was to get of actual population size. Actual population was prone to get more concrete results. As it is comparatively a new field in Bangladesh there is a large scope for further research on specific negative impacts on recruitment outsourcing, clients and vendors perception regarding the unethical practice, impact of negative sides of recruitment outsourcing on organizational performance and many more.

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## Factors affecting organizational commitment among university faculties of Nepal: A structural equation modeling approach

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### ABSTRACT

University faculties are key players of academic world. Their commitment plays vital role to achieve the goal of the academic institutions. Even though much research has been conducted to explore the organizational commitment of the employees, commitment of university faculties was less investigated area. This paper aims to explore the factors affecting organizational commitment of the university faculties and examine the relationship between organizational commitment and its' determinant factors. For this study, 312 Business School faculties were selected by using stratified sampling followed by simple random sampling from three universities of Nepal. By adopting exploratory factor analysis, five factors; work environment, work recognition, pay and compensation, unionism, and organizational commitment were extracted. The paper further examined the relationship between endogenous variable; organizational commitment and exogenous variables; work environment, work recognition, pay and compensation, and unionism by using structural equation modeling and path analysis. The result conformed that work environment, work recognition, pay and compensation are positively related with organizational commitment, but unionism is negatively related with it and relationships are statistically significant at 5% level of significance. Overall variance explained in endogenous variable by exogenous variables was 42%.

### KEY WORDS

organizational commitment, unionism, work environment, work recognition, pay and compensation, university faculties

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## 1 INTRODUCTION

University faculties are key contributor of the higher education system and standing in the front line. Committed performance among faculties is extremely important, since it would affect the productivity, creativity, and quality contributions. In the long run it would influence the perception of incoming students and stakeholders toward the university. Universities require faculties with a high level of commitment towards their job so that they can contribute enthusiastically in the interest of all the stakeholders. Faculties with high commitment are self-motivated and honest in their duties (Nagar, 2012). Therefore, organizational commitment of the university faculties is salient factor for the success of the academic institutions. Students are viewed as the future leaders, police makers and planners. Universities can able to supply better human capital to the job market only if university teachers are highly competent and are committed to ward their job and organizations. From the perspective of the university, building a strong commitment among the faculties is crucial. Universities need dedicated faculty members who not only join their university but continue to remain actively involved in innovative research activities; prepare new materials and approaches for teaching; build, assess, and reform academic decision making; and work closely and actively with their students. Thus, it is critical for the universities to promote among their faculty members a high level of innovative behavior that goes beyond routine involvement (Neumann & Finaly-Neumann, 1990).

Concept of organizational commitment is one of the extensively researched area, and is widespread in organizational behavior, human resource management and general management literatures. In general, commitment is a force that bines an individual to a course of action of relevance to one or more aims (Meyer & Herscovitch, 2001), and organizational commitment is psychological strength and feeling of individual toward the mission and

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goal of organization (Mowday et al., 1979). Most of the researches were focused on the organizational commitment of the employees of the business organizations and some related organizations, but universities have specific features that distinguish them from others (Lovokov, 2016). Bell (1973) and Kerr (1995) highlighted that, “universities are fundamental institutions within the scenario of globalization because of their research mission, teaching and community service mission. In addition, it produces and conveys knowledge for contemporary society (as cited in Mainardes et al., 2011, p. 125). Those whose area of investigation was the commitment of the university faculties realized that, role of the faculties is important for the success of the universities (Chughtai & Zafar, 2006; Daly & Dee, 2006; Jing & Zhang, 2014). As in the case of other non-profit organizations, faculty values and attitudes are particularly important for the functioning of the universities (Lovokov, 2016). The push for more complex, intellectually demanding approaches to teaching suggests that teacher commitment will continue to be important for effective education. There are seven key workplace conditions that contribute to teacher commitment: job design characteristics, feedback, autonomy, participation, collaboration, learning opportunities, and resources. This framework is used to assess the effects of such differential incentive policies as merit pay and career ladders (Firestone & Pennell, 1993). It is undoubtable that university faculties commitment is crucial factor to achieve the mission and vision of the universities and in the long run it would significantly impact the success of the higher education system, but the central concern is that, what are the exogenous variables that significantly impact the variance on the commitment of the university faculties. Some researcher highlighted that, Pay and compensation, and work environment are important predictor variable of the organizational commitment (Cohen & Gattiker, 1994; Painter & Akroyd, 1998; Schroder, 2008). Likewise, work recognition is another salient predictor variable of the organizational commitment (Lambert & Hogan, 2009; Lingard & Lin, 2004). Unionism is one of the widespread activities within the organizations and has been viewing as collective bargaining power of the employees (Stevenson, 2015). It is also one of the salient predictor factor of the organizational commitment.

Even though past studies empirically investigate the organizational commitment of the employee and its outcome along with its predictor variables. Predictors; pay and compensation, work recognition, work environment, union practices are depending on nature and location of the organization. Nature of works within the universities are quite different from other organizations (nonacademic). The work recognition, pay and compensation packages and work environment expecting by the university faculties is unique and totally different from the workers of other organizations (nonacademic). In addition, nature of the organizations and expectations of the employees are depending on the governing system of organization and governing system of the countries. For example. Work recognition, work environment, and pay and compensation package offered by the organization with in the United States of America is not similar as Nepal. For instance, the employee who is receiving \$1000 per moth stipend in Nepal would be satisfied with his/her salary and will be committed to ward his/her job, but employee with in the USA would not be satisfied with stipend of \$1000 per and would not be committed toward his/her job.

Nepal is among developing countries. Higher education system of Nepal is unique and still struggling to offer the world class education. As mentioned above, commitment of the faculties would be prime factor to achieve the goal of the academic institution. Past researchers are rarely focused to explore the organizational commitment of the faculties of Nepalese universities. In addition, rarely the researchers were investigated the organizational commitment of the university faculties and its relationship to the determinant factors. This study aims to explore the factors responsible for organizational commitment and examine the relationship between them. Furthermore, this study purpose to examine the variance explained in endogenous variable (organizational commitment) by exogeneous variables; unionism, work environment, work recognition and, pay and compensation.

## 2 ORGANIZATIONAL COMMITMENT

Early researchers abstracted the organizational commitment as a function of individual behavior and willingness to give their effort to the organization through actions and choices over time (Becker, 1960; Kanter, 1968). Later researcher conceptualized it as “person's affective reactions to characteristics of employing organization and a willingness to exert considerable effort on behalf of the organization. It is concerned with feelings of attachment to the goals and values of the organization, one's role in relation to this, and attachment to the organization for its own sake rather than for its strictly instrumental value. To as a positive outcome of the quality of work experience, the concept can be regarded as a factor contributing to subjective well-being at work” (Porter, et al., 1974; Cook & Wall, 1980).

Three essential components of the organizational commitment were found in several researches. These three components are affective, continuance and normative (Allen & Meyer, 1990, 1996; Greenberg, 2005). Affective commitment refers to emotional attachment and positive affection of the employee toward their organization and feel pride to be a part of the organization. Continuance commitment measure the willingness of the employees to continue to work in the organization and feels fear to leave the organization (Hafer & Martin, 2006; Mayer et al, 1993). When an employee feels grateful to stay employed in the organization, it refers to normative commitment

(Meyer & Allen, 1991). In general employees who are committed to their work, feel connection to their organizations, respect the values and goals of organizations and follow them, more determined to their work and feel to stay at their organizations. It is also viewed that, commitment is the relative strength of attachment between employees and their organization (Riketta & Van Dick, 2005; Marrinna et.al., 2017) and it is the psychological bond that an employee has with an organization. This bond may be expressed by the commitment the employee feels toward the organization (Mowday et al.,1982; Allen &Meyer, 1990) and more committed workers see their job positively and want continue it (Meyer et.al., 2002).

## 2.1 DETERMINANTS OF ORGANIZATIONAL COMMITMENT

Workers unions have been spread out in most of the organizations in the world. Union supporter beliefs that union were fighting for betterment of the organizations and employee. In addition, they believe that workers have been benefited by the collective bargaining of union activities. In Nepal, all the universities have teachers' unions. Time to time teachers' unions have been pressurizing top management to fulfill their demand. Some teachers' union are the sister organization of the political parties; therefore, most of the teachers are involved in the politics along with their teaching profession. In Nepal all the top management positions of the universities are appointed on the recommendation of the union leaders. It is most debatable issue among Nepalese academia, whether union activities are positively related to organizational commitment or negatively related, therefore this study aims identify the answer of this dilemma.

Some literatures identified that some special professors' associations were worked for betterment of their professions and their institutions too. University faculty to express a preference for collective bargaining requires: (a) dissatisfaction with current job and employment conditions, (b) distrust in administration's ability and/or willingness to deal with faculty's concerns, (c) a view that unionization can be instrumental in improving job and organizational conditions, (d) a rather liberal socio-political belief system, and (e) a willingness to overcome the general negative image or stereotype of unions. This study further found that that pro-union faculty tend to exhibit significantly more favorable attitudes toward unions in general, have less trust in administrative decisions, are less satisfied with various aspects of their jobs in general and "bread and butter" issues in particular, have less favorable perceptions about the way they are treated as professionals, and view collective bargaining as an effective means of instigating desirable change.(Hemmasi & Graf, 1993).

Asamani and Menash (2013) found that union members are more satisfied in their jobs than nonunion members, but union members are less committed toward their job. Dhammika (2015) found that there is negative relationship between unionism and employee outcomes. Only limited researches were found in the area of professors' involvement in unions activities and its impact on their organizational commitment. This paper viewed unionism as potential influential predictor factor of the commitment therefore one most important purpose of this study is to examine some causal relationship between unionism and organizational commitment of the university faculties.

Work environment, recognition of the work and pay and compensations are also important exogenous variables which can affect the organizational commitment. Das and Singh (1978) found that organizational culture is important for organizational commitment. It also elaborates that one's higher order needs are satisfied through autonomy, achievement, self-actualization, leads to higher level of commitment. Kuvaas (2006) highlighted that pay satisfaction is one of the important factor which has significant impact on the organizational commitment of the employee. Satisfaction with work-itself, quality of supervision and pay satisfaction had significant positive influence on organizational commitment of faculty members (Malik et al., 2010). Caldwell et al. (1990) suggested that commitment is largely determined by the rewards offered by the organization, particularly financial rewards. Schroder (2008) highlighted that organizational policy and administration, work itself, religious commitment, salary, working environment and achievement are significant predictor variable of the organizational commitment of university teachers. Elissa (2009) examined organizational commitment and professional commitment among a sample of social workers and found that work environment and work recognition are potential predictor variables of organizational as well as professional commitment. Mcguire & McLaren (2009) examined the effect of the physical environment on employee commitment and found that working conditions can affect an employee's sense of well-being which in turn can generate higher levels of employee commitment. Work recognition and rewards are important determinant factors of organizational commitment and are positively related to it (Belgio, 2018). Reward and recognition of the work can increase the workers positive feeling toward organization and it push them more committed toward their work. From past studies, it is underlined that, unionism, pay and compensation, work recognition and work environment are casual predictor variables of organizational commitment, but only few of them empirically investigate the casual relationship between them and identify the variance explained in outcome variable (Organizational commitment) collectively by predictor variables. From the back support of the past studies this paper viewed; work environment, work recognition, pay and compensation, and unionism as important predictor variable of the organizational commitment.

**2.2 HYPOTHESIZING THE RELATIONSHIP BETWEEN CONSTRUCT**

Some researcher abstracted that pay satisfaction in positively related with organizational commitment. (Yousef, 2002; Kuvaas, 2006; Vandenberghe & Michale, 2008). Malik et al. (2010) examine the relationship between pay satisfaction and organizational commitment of university teachers. This study found that pay satisfaction is positively related with the organizational commitment.

Organizational commitment is significantly related to working condition and working environment of the organizations. There is significant positive relationship between work condition, working environment and organizational commitment (Vanaki & Vagharseyyedin, 2009; Hanaysha, 2016). Saqub et al. (2015) investigated the impact of tangible and intangible rewards on organizational commitment. This study revealed that there is significant positive impact of the tangible and intangible rewards on organizational commitment. Bjarnason (2015) investigated the relationship between social recognition and employees organizational support. This study explored that social recognition and employee organizational support are significantly related.

Union members are more satisfied than non-union members, but union members are less committed to ward their jobs (Asamani & Menash , 2013). In addition, Dhammika (2015) investigated the relationship between unionism and employee outcome and found that there is negative relationship between unionism and employee outcomes.

Above literature and discussion leads to setting up of the following hypotheses.

**Hypothesis 1:** *Work recognition has positive relationship with organizational commitment of university faculties.*

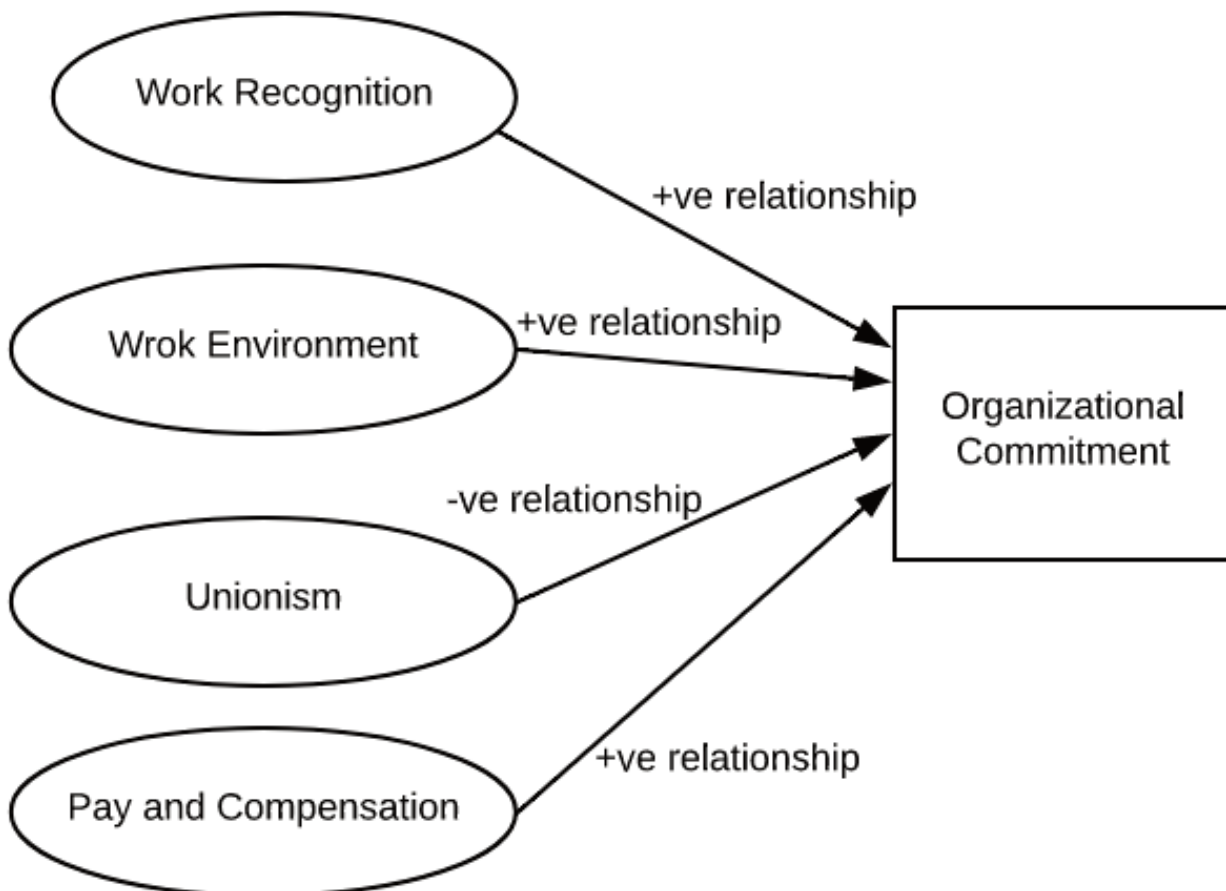
**Hypothesis 2:** *There is positive relationship between work environment and organizational commitment.*

**Hypothesis 3:** *Teachers’ union activities and practices within the universities and colleges has negative impact on organizational commitment of university faculties.*

**Hypothesis 4:** *Pay and compensation packages has positive impact on organizational commitment of university faculties.*

Theoretical model used to identify the relationship between pay and compensation, work recognition, work environment, unionism and organizational commitment is as follows which is developed and tested by using LISREL 8.54

Figure 1: Conceptual model showing the relationship between construct



### 3 METHODS AND INSTRUMENTATION

The study was an attempted to empirically investigate and explore the determinant of organizational commitment and examine the relationship among organizational commitment and its determinant factors; work recognition, work environment, unionism and pay and compensation.

#### 3.1 POPULATION SAMPLING AND SAMPLE SIZE

Population for this study was the Business Schools and Colleges faculties of Pokhara University, Tribhuvan University and Kathmandu University of Nepal. Sample size for this study is 312. Stratified sampling followed by simple random sampling was used to select samples. Nature of the sample was as follows;

Table Number 1: Distribution of samples

Sample Character		Sample Size
Gender	Male	243
	Female	69
Job Position	Lecturer/Asst. Professor	261
	Assoc. Professor	36
	Professor	15
University	Pokhara University	183
	Tribhuvan University	118
	Kathmandu University	11
Type of the college	Constituent	225
	Affiliated	81

#### 3.2 QUESTIONNAIRE INSTRUMENT

Questionnaire was divided in to two parts. Second part contains basic demographic information and first part contains five-point Likert scale questionnaire. For first part Minnesota Satisfaction Questionnaire (MSQ), Pay Satisfaction (Heneman & Schwab, 1985) and Meyer and Allen (1997) Organizational Commitment Questionnaire (OCQ) is referred to develop the instrument and modified in Nepalese context, furthermore questions regarding unionism and work environment were self-administered and test their reliability and validity.

Reliability of questionnaire has been examined by using Cronbach's alpha. Where Cutoff value of Cronbach alpha is more than 0.7. Face validity and convergent validity was used to examine the validity of the questionnaire. For this average variance extracted (AVE) was used and calculated by using the formula:

$$AVE = \frac{\sum_{i=1}^n L_i^2}{n}$$

Where "Li" represents standardized factor loading and "i" represent number of item. In other words, it is the average squared completely standardized factor loading. AVE of 0.5 or higher is good rule of thumb suggesting adequate convergence.

Before the finalization of the questionnaire, pre-testing of the questionnaire was carried out by qualitative examination. For data collection, randomly visit to the faculties of the selected Business Schools and Colleges and request them to fill up the questionnaire and suggested them to return as per their convenience time. For this study 450 questionnaires were distributed but 312 were returned by the respondent. This study was based on the 312-sample size.



## 4 RESULT AND ANALYSIS

The total number of respondents in this research was 312. Factor analysis was carried out through IBM SPSS 20. To extract the factors, principal axis factor analysis was conducted, using varimax rotation method. Items having communality more than 0.35 and eigen value more than 1 were considered for factor analysis. 13 items were significantly loaded under five factors. The KMO value was 0.792 with significance value of 0.000. This value demonstrating the sampling adequacy to conducting the factor analysis.

The extracted factors accounted for approximately 63.85% of the total variance. In addition, all factors had high internal item consistency reliability, since Cronbach alpha coefficients for all selected factors, ranging between 0.743 and 0.84 and overall Cronbach alpha is 0.813. The factors were labeled as organizational commitment, Salary and Compensation, Unionism, Work Environment and Work Recognition (Table 2). Average variance extraction for all the factors was more than 0.5 except Unionism. For the factor unionism average variance extraction (AVE) was 0.48 and Cronbach alpha was 0.743. AVE is not far from the minimum cut off point of 0.5 and Cronbach alpha is greater than 0.7 so that 'Unionism' is also considered as reliable and valid factor.

Three items OC3, OC4 and OC5 are loaded under "Organizational Commitment" with factor loading 0.731, 0.817 and 0.713 respectively. Cronbach alpha for this factor is 0.83 with AVE 0.57. Likewise, three items SC2, SC3 and SC4 are loaded under factor "Salary and Compensation" with factor loadings 0.727, 0.916 and 0.713. Cronbach alpha for this factor is 0.84 and AVE 0.63. Also, three items TUN2, TUN3 and TUN4 are loaded under the factor "Unionism" with factor loadings 0.636, 0.724 and 0.72. Cronbach alpha for Unionism is 0.743 and AVE is 0.48. Two items WE6 and WE7 are loaded under the factor "Work Environment" with factor loadings 0.626 and 0.895. Cronbach alpha of this factor is 0.808 and AVE 0.6. Finally, two factors RC3 and RC5 are loaded under the factor "Work Recognition" with factor loadings 0.793 and 0.725. Cronbach alpha of this factor is 0.797 and AVE 0.58 (Ref: Table 2).

Table 2: Factor extraction result

Factors	Factor Items	Factor Loadings	Variance Extraction	Cronbach Alpha	AVE*
<b>Organizational Commitment</b>	I have belief in and acceptance of the Values and goals of the organization [OC3]	0.731	15.89%	0.83	0.57
	I take pleasure in being a member of my organization [OC4]	0.817			
	I talk up this organization as a great place to work with my friends [OC5]	0.713			
<b>Salary &amp; Compensation</b>	My most recent salary raise [SC2]	0.727	15.32%	0.84	0.63
	My current salary[SC3]	0.916			
	My organizations pay structure[SC4]	0.713			
<b>Unionism</b>	Teachers' union activities of this institution are constructive[TUN2]	0.635	12%	0.743	0.48
	I feel secure because union can support me[TUN3]	0.724			
	Our union works for the teachers' personal development[TUN4]	0.72			
<b>Work Environment</b>	Physical classroom facility and office facility is comfortable[WE6]	0.626	10.52%	0.808	0.6
	My institution provides necessary materials and equipment which are essential in teaching and learning process[WE7]	0.895			
<b>Work Recognition</b>	When I do a good job, I receive the recognition for it that I should receive[RC3]	0.793	10.11%	0.797	0.58
	I get credit for the work I do[RC5]	0.725			
	<b>Total</b>		<b>63.85%</b>	<b>0.813</b>	

\*AVE: Average Variance Extraction



### 4.1 TEST OF MEASUREMENT MODEL

The measurement model was used to establish the validity of the constructs used in the study. The latent constructs are organizational commitment, work environment, work recognition, unionism and pay and compensation. The measurement model with all 13 aggregate items (representing the observed variables) for above 5 constructs were developed and analyzed as a confirmatory factor analysis. Table 4 shows the indexes that were used to assess the extent to which the proposed 5-factor model fit the data. This measurement model is useful in assessing the potential fit of any causal models that may be applied. If the measurement model is of poor quality, a causal model cannot improve on the fit measures. In particular, the measurement model should show quality loadings of the manifest variables on the latent variables.

A Structural Equation Modeling (SEM) technique was used to test the model. LISREL 8.54 was used for this purpose. The observed variables used to identify the latent variables in SEM were obtained by processing the data in the instrument. Results of SEM analysis shows that the model offers a good fit to the data.

Chi-Square test/df and fit indices: GFI, AGFI, NNFI, CFI, RMSR, RMSEA were employed to test the model fit. The commonly used measures of model fit measurements in practice; GFI, NNFI, CFI greater than 0.9, an AGFI greater than 0.8, RMSR less than 0.1, and RMSEA less than 0.08 are considered indicators of good fit.

Table 3 show that all the likelihood measurement equations are significant at 5% level of significance since all the t-values are more than 2. Estimates of the all equations are more than 0.5 with standard error less than 0.1. It indicates that all the items are significantly loaded on respective construct. Coefficient of determinations of all the measurement equations are more than 0.5 except TUN2. More than 50% variation on the construct is determined by their respective items except TUN2. Coefficient of determination of TUN2 is 0.46, it indicates 46% variation on Unionism is explained by item TUN2. Alpha coefficient of all the factors was more than 0.7, which indicates the reliability of the factors. AVE of all the factors was 0.5 except Unionism. AVE of the Unionism is 0.48 which is also closer to 0.5 (Table 2). In sum up, measurement model passes the reliability and validity test.

Table 4 explore the measurement of the fit indices. Chi-square value is 94.77 with p-value of 0.00069, which indicates the model fit is poor but Chi-square/df is 1.72 which is less than 3 therefore it asserts the claim that model fit is good which is also supported by other fit indices. NNFI, CFI, GFI are more than 0.9 and AGFI is greater than 0.8, it indicates that model fit is good. Furthermore, RMSEA is 0.048 and RMR is 0.056, both are below 0.06. It also suggests that model fit is good. Finally, all the fit indices indicate that measurement model is good enough to run the structural model.

Table 3: Measurement equations

Measurement Equations	t-value	Standard Error	R <sup>2</sup>
OC3 = 0.55*OC	13.52	0.04	0.6
OC4 = 0.57*OC	14.85	0.038	0.75
OC5 = 0.53*OC	12.91	0.041	0.55
RC3 = 0.73*RC	12.35	0.059	0.53
RC5 = 0.86*RC	15.27	0.056	0.84
WE6 = 0.85*WE	14.79	0.058	0.71
WE7 = 0.83*WE	14.19	0.058	0.65
TUN2 = 0.71*TUN,	10.73	0.066	0.46
TUN3 = 0.55*TUN	8.06	0.068	0.25
TUN4 = 0.82*TUN	12.29	0.067	0.64
SC2 = 0.67*SC	14.11	0.048	0.54
SC3 = 0.88*SC	18.78	0.047	0.85
SC4 = 0.71*SC	14.25	0.05	0.55

OC: Organizational Commitment, RC: Work Recognition  
 WE: Work Environment, TUN: Unionism, SC: Salary and Compensation  
 OC3 to SC4 (Ref table number 3.1)

Table 4: Fit indices

Fit Indices		
Chi-Square=94.77	df= 55	P-value=0.00069
RMSEA=0.048, Normed Fit Index (NFI) = 0.96		
Non-Normed Fit Index (NNFI) = 0.97, Comparative Fit Index (CFI) = 0.98		
Root Mean Square Residual (RMR) = 0.056, Standardized RMR = 0.056		
Goodness of Fit Index (GFI) = 0.96, Adjusted Goodness of Fit Index (AGFI) = 0.93		

Based on the values and theoretical concepts, measurement model was modified in specification search of better-fitting model and finally the current measurement model with 13 items and 5 constructs was specified. Overall, the measurement model is believed to be appropriate given the evidence of adequate model fit, reliability and validity.

### 4.2 TEST OF STRUCTURAL MODEL

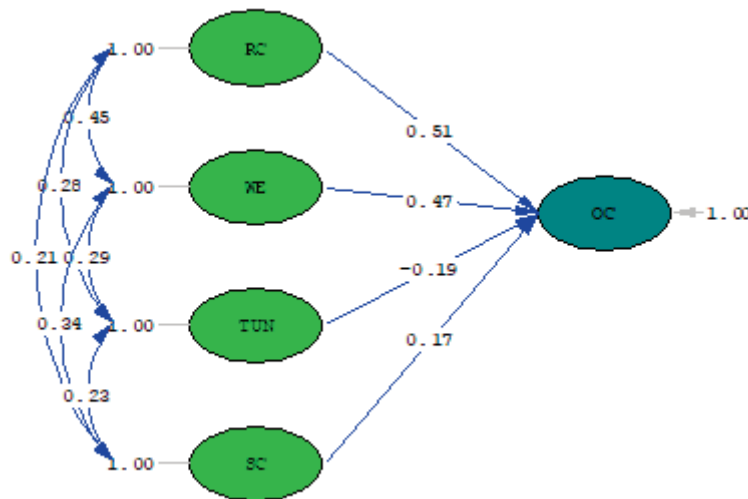
In moving from the measurement model to the structural model, the emphasis of the study now shifts to the relationships between latent constructs and the observed variables to the nature and magnitude of the relationships between the constructs as depicted in Figure 1. The structural model is specified based on the existing theories of organizational commitment. The construct work recognition, work environment, unionism and pay & compensation are exogenous construct and organizational commitment is endogenous construct. The structural model examines the relationship between exogenous and endogenous variables.

#### Structural equation

$$OC = 0.51*RC + 0.47*WE - 0.19*TUN + 0.17*SC, \text{ Error var.} = 1.00, R^2 = 0.42 \quad (1)$$

(0.099)	(0.10)	(0.088)	(0.079)
5.19	4.62	-2.20	2.15

Figure 2: Path diagram



Structural equation and path diagram (Figure 2) explore the relationship between endogenous variable organizational commitment and exogeneous variables work recognition, work environment, unionism and salary and compensation. There is significant positive relationship between work recognition and organizational commitment since estimated value of standardized beta is 0.51 with standard error of 0.099 and t-value 5.19. It asserts the claim of hypothesis1. Likewise, there is significant positive relationship between work environment and organizational commitment because, estimated value of standardized beta is 0.47 with standard error 0.10 and t-value 4.62. It supports the claim of the hypothesis2. In addition, there is significant negative relationship between unionism and organizational commitment since estimated value of standardized beta is -0.19 with standard error 0.088 and t-value -2.10. It supports the claim of the hypothesis3. Likewise, there is significant positive relationship between salary and compensation and organizational commitment since estimated value of standardized beta is 0.17 with standard error 0.079 and t-value 2.15. It supports the hypothesis4. Multiple coefficient of determination is 0.42, it indicates that 42% variation on the organizational commitment of the university faculties is explained by exogeneous variables. All fit indices are same as in the measurement model (Table 4), therefore the fitting of the structural model is good. All the proposed hypothesis were supported by the finding of the relationship between endogenous and exogenous variables.

## 5 DISCUSSION AND CONCLUSION

Researchers have made significant effort to bring to light the attributes in a worker's life that lead to committed them toward their work and make them satisfied (Nagar, 2012). Faculties are key contributors for successful education system, but only limited research has been seen this area. Therefore, this study can address this gap with a study of organizational commitment of the university faculties and its' associated factors. This study at first, explored five salient factors; organizational commitment, unionism, work environment, work recognition, and pay and compensation and then examined the relationship between endogenous variable organizational commitment and exogeneous variables; unionism, work environment, work recognition and, pay and compensation. Some past studies linked the positive relationship between work recognition, work environment, pay satisfaction and organizational commitment. This study also come up with the significant positive relationship between above three exogeneous variables; work environment, work recognition and, pay and compensation, and organizational commitment. Past studies also explored the negative relationship between union activities and workers organizational commitment. This paper also found the negative relationship between unionism and organizational commitment among university faculties of Nepalese Business Schools.

Angle and Perry (1983) reveled the fact that when organizations provide favorable work settings, workers view them as rewards and consequently employee can respond by demonstrated through more effort, regular attendance and better participation in work. Therefor better work environment leads employee toward more committed in their job. Universities can provide better working environment for their faculties to make them more committed. Elissa (2009) underlined the fact that better work environment and work recognition significantly increase the organizational as well as professional commitment of the employee. If the faculties receive the credit from their executed task, it increases the positive feeling in the faculties toward their work and organizations, consequently it can increase affective commitment of the faculties. This study found that faculties of Nepalese Business Schools are satisfied with their work recognition. Since average score of work recognition is more than 3. And there is strong positive relationship between work recognition and organizational commitment, standardized beta coefficient is 0.51. In Nepalese universities, faculties are satisfied with work recognition because, usually those faculties who performed their task effectively and efficiently receive the credit for their work. In addition, their work is recognized by their home institution along with entire academia. For instance, if university management noticed that, some of the faculties performance is outstanding, then top management offers some high level academic duties such as coordinator of the conferences, research workshops, designing the syllabus etc. This is a fair recognition to the faculties. This study found that work environment and organizational commitment are positively related, standardized beta coefficient is 0.47. It is obvious that better the working environment with in the universities higher the organizational commitment. For this study work environment represents physical classroom conditions, office conditions, prompt support from the office staffs, availability of the teaching and learning materials. Faculties respond that they are satisfied with the working environment since average score of work environment is more than 3. Faculties are happy with physical environment. University teachers are busy on their academic work so that, if academic institutions provide some basic physical facilities to them, they are happy with it. But faculties should not be happy with some other environment such as union activities and political intervention in the academic institution. Which is the major problem of the Nepalese academia. This study attempted to explore the unionism but impact of the political intervention in the academia was not addressed here. It is inferred from this study that work environment (physical environment) and work recognition is fair with in the Nepalese universities and there is significant positive relationship between these two factors and organizational commitment. In addition, these two factors are important predictor variables of organizational commitment of faculties. The finding of this study is consistent with the past studies as well as current scenario of the Nepalese universities.

Pay and compensation is equally important to make employee more committed toward their job. Pay satisfaction of the employee is positively related to the affective commitment of the workers (Vandenberghe & Tremblay, 2008). In addition, (Judge et al.,2010) highlighted that pay satisfaction is significantly related to job satisfaction of the employee. And there is positive relationship between job satisfaction and organizational commitment (Nagar, 2012). Past studies are underlying the fact that pay satisfaction of the employees can significantly increase the commitment toward their work. This study also found the significant positive relationship between organizational commitment and pay and compensation of the university faculties. Some universities offer extra allowances to their faculties and others give permission to their faculties to work outside. This could be the reason, faculties are not unhappy with their pay and compensation package. But, pay and compensation package offered by the universities to their faculties is still approximately \$500 on average, which is not enough to fulfill of the basic requirements. In sum up, faculties are not unhappy with their pay and compensation packages and there is significant positive relationship between pay and compensation package and commitment of the faculties toward their work. It is also asserted that salary is one of the salient predictor variable of the organizational commitment. Therefore, it is also reasonable to advise that; universities can rise the pay and compensation package of the faculties to make them psychologically committed toward their work.

Past studies also suggested that union activities have negative impact on organizational commitment. Most of the dissatisfied workers are more attracted toward unions to try to make them satisfied. People join unions both to rectify dissatisfying circumstances and to increase the gains from employment, furthermore union members are more satisfied with their jobs than non-union members (Hammer & Avgar, 2005). In Nepalese academia, faculties have been attracted towards unions to gain from collective bargaining. Those faculties who were benefited from the union activities can be the favor of the union activities but in overall, faculties are not satisfied with union activities, since average unionism score is 3.13 (1 is strongly, 5 is strongly disagree) which closer to neutral. This study found that there is negative relationship between unionism and organizational commitment. This is also in the same line of the previous researcher's findings. Negative impact of unionism on the commitment of the faculties toward their work can further impact on the quality of the education provided to the students and will reduce the trust toward the higher education system of the Nepal, as a result more students will be migrated toward other countries for their higher education. In addition, those faculties who are not involved in the union activities, don't like the union activities within the academic institution. Because of union activities within the academia, faculties could have less commitment with their jobs and consequently they would switch their job or try to migrate to some developed countries. It will be the great loss of the Nepalese academia. To make more committed faculties, it would be important to downsizing the union activities by attracting them to some motivational academic activities.

In conclusion, university faculties are valuable resources to the universities and entire higher education sector, therefore management should invest significant resources in the assessment of their working environment, both mental and physical, to maximize the quality of service delivery and make them more committed toward their jobs. Universities can make faculties more committed toward their jobs by providing better recognition of their work and by offering good financial package, consequently it can downsize the union activities within the academic institutions. Downsizing the union activities, providing better work environment, recognizing the work executed by the faculties and offer better financial package to the faculties can increase their commitment, as a result it can improve the quality of the education provided by the universities.

## 5.1 LIMITATIONS

Although this study adds value on the paradigm of organizational commitment, there are some limitations. This study is based on the faculties of the Business Schools only. Therefore, call for future researchers using larger sample size and cover all the faculties of all stream of the all the universities of Nepal. Although the present study took a significant effort to validate the model and establish the relationship between organizational commitment and its some important determinant factors, some extensive study will be required to validate the relationship between unionism and organizational commitment. Researcher feels, it is salient to call for future researcher to study the relationship between unionism and organizational commitment among university faculties of Nepal by using qualitative as well as quantitative research methods. Even though there are more than five items belong the work environment and work recognition factors, only two items were extracted because of their communalities. Researcher also call the future researcher to solve this issue.

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