

Human Resource Practices, the Relationship between Locus of Control and Employee Outcomes

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This paper explores the effect of human resource practices on the relationship between locus of control and employee outcomes. Personality is a stable characteristic that employees bring to the work place. It is presumed that locus of control will influence employee outcomes but the strength of its effect will be influenced by the implementation of human resource practices in the organization. Human resource practices were expected to moderate these relationships. Predicted relationships were drawn from prior theory that identified how human resource practices influence employee outcomes and on how locus of control affected employee outcomes. The individual's locus of control was evaluated based on the external and internal continuum. Employee outcomes studied were job satisfaction, trust, employee commitment and organizational citizenship behaviour. Results obtained from 181 questionnaires from respondents in Kenyan public corporations indicated that human resources practices influenced the relationship between locus of control with job satisfaction, employee commitment, trust and organizational citizenship behaviours. Data were analyzed using multiple regression and the moderating effect was shown by the changes in r values. Implications for theory and managerial practice are given.

Keywords: Locus of control, Human resource Practices, employee outcomes

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Introduction

This study examined the effect of Human resource practices on the relationship between Locus of Control (LOC) and the work related employee outcomes of job satisfaction, commitment, trust and organizational behaviour among employees in public sector corporations (parastatals) in Kenya. Profitability is an outcome expected in organizations however, it is brought about when satisfied and committed employees exert effort to achieve organizational objectives. Although previous research results have indicated that an association between locus of control and these employee outcomes exists, there have been very few or no studies conducted to see the impact of these relationships in Kenya. Public corporations are classified into various sectors and employees in various sector categories may perceive issues differently even though they are under the same employer (government) which will impact their employee outcomes.

The primary goal of this study was to establish the nature of the relationship between locus of control and employee outcomes in the workplace in terms of job satisfaction, commitment, trust and organizational citizenship behaviours. In addition it sought to determine the role of human resource practices in influencing this relationship. Most studies have used Locus of Control as a moderating variable but the focus of this study is to consider the ability of LOC in predicting employee outcomes. In the studies where LOC is a moderator, it has been found to significantly influence employee outcomes such as commitment, satisfaction, turnover intentions and in-role citizenship

behaviours (Aube et al 2007, Chen and Silverthorne 2008, Ito and Brotheridge 2007, Jain et al 2009); more so the studies have shown that generally an internal LOC is associated with more desirable employee outcomes of lower turnover, more commitment and greater job satisfaction than external LOC. Since this knowledge of LOC as a moderator exists, this study will consider the possibility of LOC being a predictor variable for differences in employee outcomes. Also, since the majority of research has focused on western organizations and values, it was thought that an African perspective would add to the understanding of the variables studied and possibly highlight cultural differences. Kenya has undergone some major political, social and economic changes in the last ten to fifteen years which have had an impact on public institution management, the study was considered necessary to consider how individuals are coping with the changes within the work related context.

Literature review and hypotheses

The view that best practice models of Human Resource Management (HRM) have universal applicability is an assumption that is often made in the literature. This implicitly suggests that employees are homogenous, and hence, would have similar views towards HRM policies and practices. However, there is little actual evidence to support this view as few studies in HRM have researched employees themselves (Edgar and Geare, 2004).

Human resources possess various demographic, dispositional and personality characteristics. These characteristics have

the potential to influence organizational attitudes and behaviours. During organizational change efforts, these individual differences may influence reactions to change and ultimately the commitment, trust, job satisfaction and citizenship behaviours of employees towards their organizations (Ekamper 1997, Kidwell Jr. 2003). Given that organizations are going through change, it is only proper that these assumptions be examined to establish the real extent of the influence of HR Practices in organizations. HR practices reflect specific organizational actions designed to achieve some specific outcome. There is a wide array of HR practices from which organizations may choose to manage employees. HR practices may be used to attain a variety of HR goals such as building skills or fostering teamwork. (Lepak et al 2006).

Human Resource practices influence individual employee perceptions regarding the organization (Rousseau 2001). As long as individuals are contented with their personal expectations, desires or preferences offered by the organization, they will be committed to the organization so that they can continue enjoying the benefits. Ahuja and Galvin (2003) posit that individual differences affect the way individuals interpret and respond to the context and intentions of the organization's socialization efforts.

Locus of control was formulated within the framework of Rotter's (1954) social learning theory of personality. Locus of control is a generalised expectancy for internal as opposed to external control of reinforcements. This was interpreted as saying that people could be divided into those who attribute to ability (an internal

cause) versus those who attribute to luck (an external cause).

A person does not hold the same belief of control for each and every action taken and the locus of control may change over time but, it is assumed to be relatively stable and generally people can be placed somewhere along the internal – external continuum (Antonides, 1996). Locus of control is a personality trait that is fairly stable within individuals and that is the reason it is an independent variable for the study.

Effective HRM is no longer concerned with simply executing a standard set of policies and procedures. Rather, it requires questioning and understanding the relationships between choices in managing people, the strategies and goals of the organization and the possibilities presented by the external environment. Interest in the belief that individual employee performances affect organizational outcomes has intensified with the argument that an organization's employees provide a unique source of competitive advantage that is difficult for competitors to replicate (Roos et al, 2004). Drawing on Barney's (1991) resource based theory of the firm; human resources can provide a sustained competitive advantage. Employee outcomes as defined by satisfaction, trust and commitment have far reaching impacts on business performance. Trust has been found to be a necessary element for open accurate communications. It influences the effectiveness of group problem solving and decision making as well as people's attitudes and feelings about the organization and their jobs and ultimately impacts human resource performance (Scott and Cook, 1981).

Job satisfaction

Spector (1997) described job satisfaction as simply how people feel about their jobs and different aspects of their jobs. Silva (2006) described job satisfaction as the pleasurable feeling arising from one's workplace. Different degrees of importance are given to various sources of job satisfaction. These sources can be classified as intrinsic or extrinsic. Intrinsic sources depend on the individual characteristics of the person. In the study, it was argued that the intrinsic characteristic of one's disposition will influence job satisfaction. One's disposition contributes to job satisfaction in that individuals are disposed to be satisfied or not satisfied with their jobs. People who feel they are in control may be more satisfied than those who are not. Locus of control can influence satisfaction based on prior experience and the resulting consequences.

H1a: The strength of the relationship between locus of Control and employee job satisfaction depends on the human resource practices

Employee Commitment

In a research study by Aube et al, (2007) they posited that employees may interpret the support provided by their employer as a demonstration of commitment towards them. Organizational commitment is a set of behavioural intentions, a motivating force or an attitude which influences many behavioural and attitudinal outcomes. Committed employees are deemed as those who share the common values and beliefs espoused by the organization. They have a willingness to not only remain with their employer but a strong desire to exert effort

for the organization. Committed employees believe that their organizations have satisfied their expectations.

Commitment has been found to be a predictor of various outcomes such as turnover, intention to leave and absenteeism. It is a manifestation of the individual's existence as a person characterized by; a strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization and a definite desire to maintain organizational membership. Committed workers contribute more to the organization than less committed ones. Organizational commitment and job satisfaction have been found to be significantly related to one another with the basic proposition that job satisfaction is an antecedent of organizational commitment since commitment takes longer to form and only after one is satisfied with their job. Organizational commitment is a consequence of personal variables, role states and work environment variables (Elizur and Kaslowsky 2001, Foote et al, 2005, Lin and Chang 2005, Silva 2006, Singh and Vinnicombe 2000).

H1b: The strength of the relationship between locus of Control and employee commitment depends on the human resource practices

Employee trust

Scott and Cook (1981) described interpersonal trust as a key ingredient in cooperative relationships. The formation of trust is often the focus of organizational development efforts. High levels of trust are associated with efficient work group functioning, long term organizational effectiveness and the willingness of people to adapt to change. Trust is therefore

characterized as the positive force from which cooperation is derived. Trust in another party reflects an expectation that the other party will act benevolently, no force or control of the other party and it involves some level of dependency on the other party as explained by Whitener, Brodt, Korsgaard and Werner (1998). Managerial trustworthiness as perceived by the employee is captured by these factors, behavioural consistency and integrity; sharing and delegation of control; demonstrated concern and communication that is accurate and transparent.

H1c: The strength of the relationship between locus of Control and trust depends on the human resource practices

Organizational Citizenship behaviours

Murphy et al (2002) defined organizational citizenship behavior as discretionary organizational behavior not explicitly recognized by the formal reward system, which is pro-social that is, it promotes the effective functioning of the organization. They found a strong correlation between internalization and pro-social organizational behaviors involving the expenditure of personal (i.e. extra-role) time and effort. Employees in organizations do exhibit 'individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization' (Podsakoff, Mackenzie, Paine and Bachrach, 2000 p. 513). There are various antecedents of OCBs and empirical research has focused on four major categories of antecedents. These are individual characteristics, task characteristics, organizational characteristics and leadership behaviour as

pointed out by Podsakoff et al (2000). In the study, the individual characteristic of locus of control was presumed to influence OCBs in the organization.

H1d: The strength of the relationship between locus of Control and organizational citizenship behaviour depends on the human resource practices

Methodology

A descriptive survey design was used to collect cross-sectional data. Primary data was used with proportionate stratified random sampling. A total of 384 questionnaires were distributed to employees in public corporations in all the eight sector categories. These sectors are financial, commercial/manufacturing, regulatory, public universities, training and research, service corporations, regional development authorities and tertiary education. The list of public corporations was taken from a list on website of the Office of the President; The Presidency and cabinet affairs office State Corporations advisory Committee www.scac.go.ke. To ensure confidentiality, a cover letter explaining the purpose of the study was given. In total, 181 questionnaires were returned for a response rate of 48 percent.

Measures

The following instruments were included in the questionnaire. Locus of control was a 16 item questionnaire developed by Spector (1988) which measures a person's generalized control beliefs in organizational settings. The scale ranged from 1 (disagree very much) to 6 (agree very much). The alpha coefficient for locus of control scale was 0.70. The highest possible score was 6, with scores of 3.5 and above being indicative of an

internal locus of control while those less than 3.5 indicating an external locus of control. The job satisfaction scale had twenty questions scored on a five-point Likert-type scale. It measured satisfaction with the job itself, performance, satisfaction with colleagues, work environment and social aspects of the job. Higher scores (>2.5) indicated greater satisfaction while lower scores (<2.5) indicated dissatisfaction with the job. The alpha coefficient for this scale was 0.85. The employee commitment scale developed by Meyer and Allen (1991) was used to measure commitment. It had 16 items scored on a five point Likert-type scale. It measured employee affective commitment and willingness to continue in the organization. Higher scores (>2.5) indicated less commitment while lower scores (<2.5) were indicative of more commitment. Trust was measured using a seven-item questionnaire as developed by Gabbaro and Athos (1976). It had a five-point Likert-type scale with a reliability coefficient of 0.79. Higher scores were indicative of more trust. Organizational citizenship behaviours were measured by a 30 item questionnaire adapted from Bateman and Organ (1983) on a five-point Likert type scale with higher scores implying more display of citizenship behaviours. It had an alpha coefficient of 0.90. Human resources practices were measured using a fourteen item questionnaire on a five-point Likert-type scale with a reliability coefficient of 0.87. The questions covered aspects of communication, change, decision making, skill mastery, organizational pride and employee involvement. Demographics were also collected on the sector, age,

gender, educational level and marital status of the respondents.

Results

The demographic variables are considered first. The final sample consisted of 128 males and 53 females, ranging in age from 18 years to 55 years. These findings reflect that the ratio of male to female in employment is still very unbalanced but there is a fair representation of women at the workplace. The service sector had the least number of respondents (8) while the commercial sector had the highest number of respondents (70). The organizations included in the study had employees ranging from 100 to over 2000 employees. The data were analyzed and the findings indicated that locus of control was more internally inclined this had a composite mean of 3.88.

Pearson correlations and multiple regression analyses were used to test the hypotheses and check for the mediating effect of human resource practices on the relationship between locus of control and employee outcomes. Pearson product moment correlations were computed between Locus of control and employee outcomes and between human resource practices and employee outcomes. There were significant correlations between employee commitment and locus of control as well as between organizational citizenship behaviours and locus of control. There were also significant correlations between job satisfaction and human resource practices, between employee commitment and human resource practices and between trust and human resource practices. The correlation values are presented in Table 1 and Table 2.

Table 1: Mean Scores and Correlations between Locus of Control and Employee Outcomes

Variables	Mean	Locus of Control	JS	EC	T	OCB
Locus of Control	3.88					
Job Satisfaction (JS)	3.48	.102				
Employee Commitment (EC)	2.72	-.248**	-.306**			
Trust (T)	3.11	.059	.336**	-.160*		
Organizational Citizenship Behaviours (OCB)	3.2	.189*	.168*	-.009	.398**	

**p <0.01 *p<0.05

Table 2: Mean Scores and Correlations between Human Resource Practices and Employee Outcomes

Variables	Mean	HRP	JS	EC	T	OCB
Human Resource Practices (HRP)	3.5					
Job Satisfaction (JS)	3.48	-.302**				
Employee Commitment (EC)	2.72	.524**	-.306**			
Trust (T)	3.11	.299**	.336**	-.160*		
Organizational Citizenship Behaviours	3.2	.124	.168*	-.009	.398**	

**P<0.01 *P<0.05

Regression analyses was done to test for the mediating effect of human resource practices and therefore evaluate H1a, H1b, H1c and H1d. Chen and Silverthorne (2008) state that when testing the mediator, there is no need of hierarchical

or stepwise regression or the computation of any correlation. To test for the mediation, four conditions must be met. First, the independent variable (LOC) must affect the mediator, second the mediator must affect the dependent variable while

controlling for the independent variable; third the independent variable must affect the dependent variable and fourth, the relationship between independent variable and the dependent variable must either reliably reduce or in the perfect situation, become non-significant when the mediator is controlled.

The results of the regression analysis indicated that all the hypotheses (H1a,b,c,d) met the four conditions. There was a reliable relationship between organization citizenship behaviours, employee commitment, job satisfaction, trust and locus of control, $\beta = .256$ $p < 0.05$, $\beta = .429$ $p < 0.05$, $\beta = .586$ $p < 0.05$, $\beta = .318$ $p < 0.05$ respectively. When human resource practices were controlled for there was a significant reduction in the values $\beta = .209$ $p < 0.05$, $\beta = .369$ $p < 0.05$, $\beta = .380$ $p < 0.05$, $\beta = .083$ $p < 0.05$ respectively.

Conclusion

The aim of the study was to find out the effect of human resource practices on the relationship between locus of control and employee outcomes namely job satisfaction, employee commitment, trust and organizational citizenship behaviours. Results indicate that locus of control has a relationship with employee outcomes and that this relationship was mediated by human resource practices. There are implications for these results in organizations in Kenya. They show that good human resource practices are directly related to positive employee attitudes and behaviour in organizations. Human resource practices are the means through which organization signals its intentions to the employees and it results in the formation of trust and commitment. It can be concluded that properly formulated and

implemented human resource practices are an effective way of managing employee attitudes in organizations. This will ultimately impact on organizational performance. It can also be concluded that locus of control is an important antecedent of work related attitudes and behaviour and this variable may be useful when hiring for the organization. The study has helped to show that the result is similar to studies conducted in other countries.

This study had limitations. First, the data was collected only from parastatals which are only a section of the public sector in Kenya. This may limit the application of the information to other public sector enterprises such as ministries or local government. However, it is hoped that the research results will help public corporations in particular to better understand factors that affect work related behaviours and attitudes and the significance of personality dispositions in hiring decisions. Future studies could include an examination of the effect individual internal and external dimensions on the same variables and the same study can be done in other public sectors such as government ministries and in the local government.

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