

ETHICAL REPUTATION, TRUST IN MANAGEMENT, TENURE OF SERVICE AND EDUCATION AS A PREDICTOR OF TURNOVER INTENTION

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Abstract

In this study ethical reputation, trust in management, tenure of service and education were investigated between-workers in organisation and workers intention to quit. Employees in all organisations want to work in an environment of trust and respect, where they feel they are making a real contribution to organisational goals and objectives. Employees who trust in the organisation show less exist and neglect. The result of the regressional analysis shows that length of service, ethical reputation, trust in management and education jointly predicts turnover intention with the adjusted R square value of .36. Only ethical reputation, trust in management and educational qualification independently predicted turnover independently predicted turnover intention. The implication of this result was also discussed

Key words: Education, tenure of service, ethical reputation, trust in management

Introduction

Generally, the duties and responsibilities performed by employee are numerous, employees build skills and experience over years through costly training and retraining and also through rotational services provision. Therefore, retaining skilled and experienced employees is one of the ways an organization can enjoy a return on its investment on labour. Employee turnover has always been a matter of concern for organizations. A large degree of employee turnover may be detrimental to both the organization as well as the employees. Turnover has an impact over the organization's costs relating to recruitment and selection, personnel process and induction, training of new personnel and above all, loss of knowledge gained by the employee while on job. Additionally, it results in understaffing which in turn lead to decreased effectiveness and productivity of the remaining staff. Turnover may have a negative impact on the employee as well. The individual may lose non-vested benefits and may be a victim of the "grass looks greener" phenomenon. Most often, turnover intention is consequential to actual quitting behaviour. Various strategies have been implemented to attract and retain employees in the organization in order to reduce the turnover rate. According to Agarwala (2007), the employees are considered as human resources, and therefore they should be managed so as to provide the expected outcomes. Employee turnover is a vital issues and challenges for human resources management strategies and organization performance (Davidson, et al., 2010) According to Armstrong (2006), there are a number of factors which promote the employees' to leave the organization, those factors are associated with the job dissatisfaction of the employees, these are dissatisfaction caused by unfair pay system, ethical reputation, trust, education which has to do with skill variety, unrewarding job and, lack of performance standards and feedback; dissatisfaction caused by lack career prospect, unfair supervision, and bad relationships with supervisors and co-workers. This brings us to the issue of trust in an organisation

The significance of trust in leadership has been recognized by researchers for at least four decades with early exploration in books (e.g. Argyris, 1962; Likert, 1967; Mc Gregor, 1967) and empirical articles (e.g. Mellinger, 1959, 1962). Over this period of time, the trust that individual have in their leaders has been an important concept in applied psychology and

related disciple. The importance of trust in leadership has also been emphasized in numerous other literatures across multiple disciplines. Published articles including the concept can be found in the literature on job attitudes, team's communication, justice, psychology, management, public administration, and education among others.

Trust seems to be the key trait linked with leadership. A leader cannot lead if his followers do not trust him. A leader discovers the employees' problems and tries to solve them, but it is the trust that his followers hold on him which tells whether the leaders retrieve the knowledge and intellectuality required to solve the problems. Trust can be defined as an optimistic belief that others will not perform (via words, acts, or final conclusions) in an opportunistic manner. For trust to nurture, an appropriate atmosphere is needed. This responsibility rests with the leader in an organization. The employees will show absolute trust in the leaders when they observe ideal/excellent character in them. Leaders play a crucial role in developing and maintaining trust of organizational employees. Reliability, empathy and realization of individual/personal goals assist the leaders to gain trust of the employees/followers. When the employees show trust in a leader, they are ready to be exposed to the actions of the leader- self-assured that their interests and rights will not be harmed. A trust-centred leadership will offset worries, apprehensions, and low-morale by developing a trustworthy environment where employees feel secure, confident and keyed up. The employees will be ready to take initiative, give suggestions, share their views, feel unhesitant to take risk and will contribute completely in such an atmosphere of trust. Due to instability and unpredictability of organizations today, building of trust between managers as leaders and their employees is essentially required.

More recently, trust has emerged as a research theme in its own right. The rise in interest is evidenced by the special issues of journal devoted to the topic of trust. As Kramer (1999) noted, "trust is moving from bit player to centre stage in contemporary theory and research" employees in all organisation want to work in an environment of trust and respect where they feel they are making a real contribution to organizational goals and objectives. Employee trust in their supervisors has been known as one of the critical factors that continue to affect even today the organization's structure, working time of employees and behaviours related to this. In this context, trust towards the employer is a highly important factor on the workplace activities. On the other hand, various antecedents and outcomes play major role in employees' perceptions to their job place. It is assumed that turnover intention affects the organizational effectiveness. When the speed of turnover is fast, it directly and indirectly increases the costs (Bashir et al, 2012). Due to these negative effects of turnover intention on the organizations, researchers predict and explain the turnover behaviours and managers take precautions to prevent potential turnovers (Hwang et al, 2006). In literature, it is expressed that when support is high in the organization turnover intention is low (Cropanzano et al, 1997, 163).

In the business world, problems of lay-off, downsizing, mergers, forced retirement, unpaid salaries, delays and bottlenecks in payment of retirement entitlements and news of mismanagements and embezzlement of funds make employees to be suspicious of management and government (Udegbe, 1999). All these borders on issues of trust in the leader's intentions and behaviours, such that he believes that the leader will not take advantages of him. In other words, trust is a positive expectation that another person will not (either through words, actions or decision) act opportunistically (Robinson, 2001,). The five key dimensions of trust according to schindler and Thomas (1993), include integrity, competence, consistency, organizational trust (1996), there are four dimensions of

organizational trust. They are competence, openness and honesty, concern for employees, and reliability. Recently, research has been done to show that there is yet another factor, to consider-identification (Shockley-Zalabak, Ellis and Winograd, 2000; Shockley- Zalabak, Ellis and Cesaria, 1999).

The first dimensions are competence, according to Shockley- Zalabak, et. Al (1999) “competence is a generalized perception that assumes the effectiveness not only of the leadership, but also of the organization’s ability to survive in the market place. At an organizational level, competence connects with the extent to which employees see the organization as effective; whether it will survive and be able to compete. The second dimension openness and honesty is the dimension that is most frequently referred to when speaking in respect to organizational trust (Shockley-Zalabak, et. al 2000). This dimension involves the amount and accuracy of information shared, as well as the way in which it was communicated (Shockley-Zalabak, et. Al 1999). The third dimension is concern for employees and pertains to the efforts by others to understand the feeling of caring, empathy, tolerance and safety when in business activities. The fourth dimension-reliability-deals with the question: can you count on your organisation to do what they say? Do they act consistently and dependably? The final dimension is identification. This dimension” measures the extent to which we hold in common goals, norms, values, and beliefs associated with our organization’s culture.

Ethical reputation/leadership which is the perception of followers about their leaders’ integrity and values as regards to worked ethics. This has been linked to trust. Ethical leaders are thought to be moral persons because they are honest and trustworthy, take good care of their people, and do the right things in both their personal and professional lives.

Trevino et.al (2000) identified integrity, honesty and trustworthiness as the traits making up the moral person aspect of ethical leadership. These traits are central to organizational trust; hence we expect a significant relationship between trust and ethical reputational. A meta-analysis conducted by Dirks, Olin and Ferrin (2002), involving 106 independent studies show that trust in leadership demonstrated a substantial relationship with attitudinal variables. It has the strongest with job satisfaction with turnover intention, belief in formation provide by the leader and commitment to decision. It is expected that employee decision to stay or leave the organization will be related to the level of trust they have in the leadership.

In this research we intend to find if there is a relationship between education, years of service and trust, the relationship between trust and ethical reputation. Also investigated is the independent and joint influence of length of service, trust in supervisor education, trust in management, and ethical reputation on turnover intention.

Hypotheses

- 1] Trust in leader affects turnover intention negatively.
- 2] Ethical reputation affects turnover intention negatively.
- 3] Tenure of service affects turnover intentions

Method

Participants

The participants for this study comprised of eight (80) employees working in both public and private organizations around Ibadan. The sample was obtained from the graduate programme of psychology department, university of Ibadan, Ibadan, and some workers from a research organisation. In general, the respondents were bankers, teachers, accountants, engineers, civil servants etc. the sample was made up of 61.3% males and 38.8% females. The mean age of the participants was approximately 35.1 years. The average job tenure for the sample was 7.8 years. In this sample, 1.3% had a high school degree, 3.8% had national diploma/certificate degree of education, 78.85 had obtained HND/B.Sc. degree, and the remaining 16.3% post graduate degrees.

Instrument

A questionnaire was used for this study. It comprised five sections namely: sections A,B,C,D,E. Section A deals with personal/demographical data like age, sex, tenure etc.

Section B includes items measuring trust in supervisor/ immediate leader while sections C and D measure trust in management and ethical reputation respectively. Section B which is a measure on trust in supervisor is a 12-item scale developed by the researcher. It measures the trust employees have in their immediate leader or supervisor within their organisations. All items fit into the 5- point Likert-scale format (1=strongly Disagree, 2 = disagrees, 3= undecided, 4= Agree and 5= Strongly Agree). Reverse coding was used for items 3,, 7,10 and 13. The items were selected after a through literature search and experts vetting. An internal consistency coefficient (∞) of. 82 and a split-half reliability of. 64 were obtained. The factor analysis reveals that the scale loaded on three distinct factors, which are; loyalty, openness and integrity. Section c is a seven [7] item scale develop by the researchers to measure the trust employers have in the entire leadership/ management in their organisations.

This trust in management scale only differs with the former in terms of the referent under investigation. The scoring format is also the 5-point likert format as with trust in supervisor scale. Reverse scoring however, was used only for item 3. The internal consistency coefficient (∞) and the split-half reliability of this measure were .73 and .68 respectively. This scale loaded only on one factor which is integrity.

To show the construct validity of the scale, a convergent validation was done for sections B and C (developed by the researchers) using ethical reputation scale (Brown 7 Trevino, 2002) and its correlation with trust in supervisor was significant at the 0.01 level (.55) and was also significant at the same level with trust in management (.32). To also show that the two measures are related (i.e. trust in supervisor and trust in management), a correlation was done and it was significant at the 0.05 level (.24). For the purpose of interpretations, the score on both scales were summed and average such that the higher the score, the higher the trust depending on the referent.

Section D constrained the ethical reputation scale developed by Brown 7 Trevino (2002). It is a 10-item scale that measures the moral integrity of a leader as perceived by his/her employees/subordinates. It has the same scoring format with the other scales and its internal consistency for this study was. 81. The last section contained the 3-item turnover intention scale developed by camman, Fichman, Jekins and Klesh (1979). The coefficient (∞) for this scale was .78

Procedure

Data collection was done personally by the researchers on one on one encounter with each of the respondents. The researcher went to the graduate's school and the research institution and distributed the questionnaire to workers. This however took three days because the questionnaire was collected the same day it was given to the participants so as to enable the researcher to cross-check for errors. The returned and completed questionnaire was then taking for appropriate statistical analysis.

Result

Table one. Means, Standard Deviations and Correlation Values Variables

	Mean	SD	1	2	3	4	5
1. Trust in management	4.26	.56	1				
2. Trust in supervisor	4.25	.54	.24*	1			
3 Ages			.23*		1		
4. Ethical reputation					.31*	1	
5. Turnover intention						.55*	1

An examination of the correlation matrix indicated that (a) age was positively related to trust in management ($r=.23$, $p<.05$), that is the older the employee, the high the level of trust in management, (b) trust in management was positively related to trust in supervisor ($r=.24$, $p<.05$) i.e. the higher the trust in management, the higher the trust in supervisor- the trust in referents are related. (c) Trust in supervisor is positively related to ethical reputation ($r=.55$, $p<.01$), that is the higher the trust in supervisor; the more he is perceived as an ethical leader. A further examination reveals that ethical reputation is positively related to trust in management [$r=.31$, $p<.01$] i.e. the more a leader is perceived as having a reputation in terms of ethics the more the employee trust in management. While the two-trust scale has no significant relationship with turnover intention, trust in supervisor has a negative relationship ($r=-.13$, pns).

Table 2. Results of regression analysis

Variables	β	t
Trust in management	.416	-.55
Trust in supervisor		
Ethical reputation	-.286	
R ²		
Adjusted R ²	.36	
F		

To examine the independent and join prediction of trust on turnover intention, a regression analysis was conducted with turnover intention as the dependent variable, trust and the other entire variable as the independent variables. Result of the analysis shows that length of service, sex, trust in supervisor, education, trust, turnover intention with the adjusted R square value of .36. Only ethical reputation, trust in management and educational qualification independently predicted turnover intention. The Beta coefficient of trust in management was (.416), (-.55) for ethical reputation and (-.286) for educational qualification.

Conclusion

In this article, we presented two new scales for measuring organizational trust. Each of the scale taps trust in a single referent.

The trust in supervisor/immediate leader measures the level of trust employee has in their supervisor. It is very important that a separate scale be used for this measurement since the relationship between trust and different work attitudes and behaviour may differ depending on the referent under consideration. Hamilton and Sherman (1996), for instance. And making judgements may be engaged processing information and making judgments may be engaged when the target is a collective as opposed to an individual (e.g., organizational leadership versus direct leaders) because the former is typically not assumed to be unitary entity.

In a meta- analysis, Dirks, et. Al (2002) found that trust in direct leaders has an equal or greater effect on four of the five workplace outcomes studied, including performing, altruism, intent to quit, and job stratification, that did trust in organizational leadership. Trust in organizationa0 leadership may have a greater impact on organization- focused outcomes, hence the rationale for treating them separately.

Our result shows that trust in supervisor loaded on three factors which are: loyalty, openness and integrity and trust in management loaded on only one factor- integrity. As shockely-Zalabak et. Al (2000) noted, openness and honesty/ integrity is the dimension that is most frequently referred to when speaking in respect to organizational trust. It shows a high validity of the scale in measuring trust. The reliability coefficient of the scales ethical reputation was also very high. Ethical leadership/ reputation has integrity, honesty and trustworthiness as the t traits making up the moral person (Trevino, et. al, 2000), therefore, it is expected that a significant relationship exists between trust and ethical reputation.

Age was also significantly related to trust in management. This is expected as it appears that employees who are older tend to be fair in their expectations and judgements in terms of the duties of the management.

However there was no significant relationship between any of the referent of trust and turn over intention. This finding is not consistent with that of Dirks et.al (2002) which indicates that trust has a sizeable relationship with turnover intention.

One explanation for our finding is that the ease of movement (job alternative) to other jobs in our setting could have been a factor affecting the decision of employee to stay in an organization despite their lack of trust.

The regression analysis showed that length of service, sex, trust in management and ethical reputation jointly predicted turnover intention while only ethical reputation, trust in management and educational qualification independently predict turnover intention. It means that the more qualification an employee has, the more likely he/ she will leave the organization if he/she feels he/ she is not satisfied. This could be because the employees that do not trust the management and or do not see their leader as ethical are more likely to look directly affects (promotion, transfer etc.) are not trustworthy.

In general, these instruments will be helpful in the measurement of trust- a construct that is becoming more central in organizational effectiveness in global market.

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