CHAPTER 3: RESEARCH METHODOLOGY

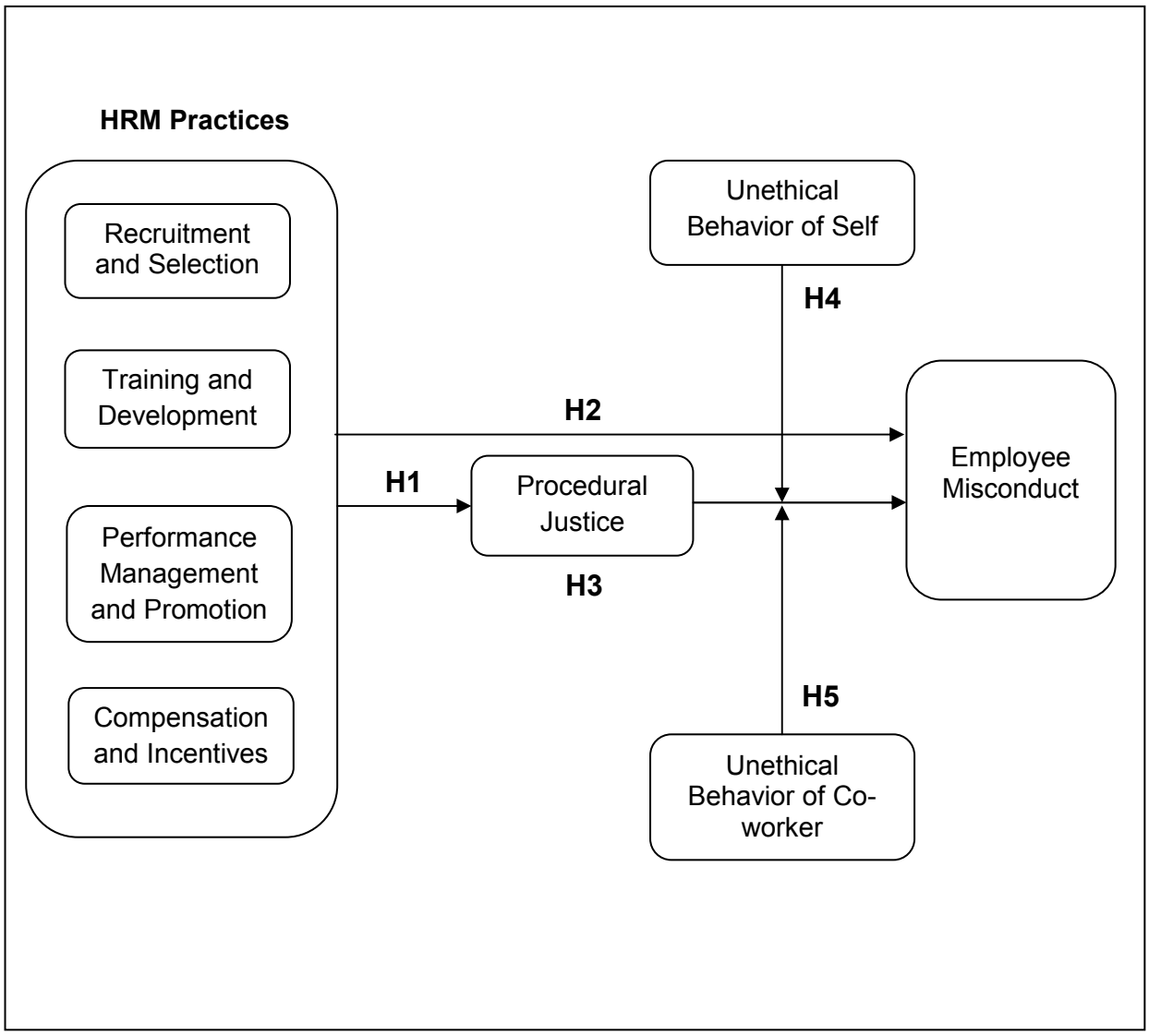
3.0 Chapter Overview

This chapter will discuss the research model, research design as well as the methodology adopted to conduct the research. Theoretical framework and hypotheses of this study will also discussed, including the research instrument, sampling design, data collection procedure and data analysis methods.

3.1 Theoretical Framework

The theoretical framework of this study was developed based on the literature reviews on Human Resources Management (HRM) Practices (Independent Variables) that consist of Recruitment and Selection (RS), Training and Development (TD), Performance Management and Promotion (PMP) and Compensation and Incentives (CI). The variables will be examined on its relationship with Procedural Justice (PJ) and Employee Misconduct (EM) respectively. Further examination will be conducted to test whether Procedural Justice (PJ) mediates the relationship between HRM Practices and Employee Misconduct (EM); and whether Ethical Behavior of Self (ES) and Ethical Behavior of Co-Workers (ECW) moderate the relationship between Procedural Justice (PJ) and Employee Misconduct (EM). Figure 1 presents the theoretical framework of this study.

Figure 1: Theoretical Framework for the Relationship between HRM Practices, Procedural Justice, Unethical Behavior and Employee Misconduct



3.2 Development of Hypothesis

Based on literature reviews and the above framework, the hypotheses for this study were developed as below.

Procedural justice refers to the perceived fairness of the means used to determine the amount of benefits (Folger and Konovsky, 1989). Employees will show greater loyalty and more willingness to behave in an organizational best interest if the process or procedure in the organization is perceived just or fair (Cropanzano et al., 2007). Cropanzano and Wright (2003), highlights that procedural fairness can contribute positively to the effectiveness of HRM practices.

H1: There is a positive relationship between HRM Practices and Procedural Justice.

H1a: There is a positive relationship between Recruitment and Selection and Procedural Justice.

H1b: There is a positive relationship between Training and Development and Procedural Justice.

H1c: There is a positive relationship between Performance Management and Promotion and Procedural Justice.

H1d: There is a positive relationship between Compensation and Incentives and Procedural Justice.

HR practices can unintentionally provide a context for employee misconduct to take root (Werbel and Balkin, 2010). A broad category of literature on unethical behavior focuses on organizational deviance (Robinson & Bennet, 1995; O'Leary-Kelly, Griffin, & Glew, 1996; Robinson & O'Leary-Kelly, 1998) or organizational misbehavior (Vardi & Weitz, 2004). Research also suggests that organizational contexts such as codes of ethics (Schwartz, 2001; Beu & Buckley, 2004), and organizational culture or norms (Ashforth & Anand, 2003) influence misconduct. Agency theory elements such performance-based judgment calls, faulty rules and socially embedded norms and psychological contract theory elements which is process loopholes are the reasons for employee unethical behaviors (Ermongkonchai, 2010 & Veiga et al., 2004).

H2: There is a positive relationship between HRM Practices and Employee Misconduct.

H2a: There is a positive relationship between Recruitment and Selection and Employee Misconduct.

H2b: There is a positive relationship between Training and Development and Employee Misconduct.

H2c: There is a positive relationship between Performance Management and Promotion and Employee Misconduct.

H2d: There is a positive relationship between Compensation and Incentives and Employee Misconduct.

According to Aryee, Chen & Budhwar (2004), many organizational arrangements (e.g. profit sharing, participation in decision making, information sharing) can be directly linked to employee perceptions regarding distributive and procedural justice, which in-turn influence their attitudes towards the organization. According to Chi and Han (2008), both theoretical and practical perspectives suggest that distributive and procedural justice could play a mediating role. Henle (2005) study found a small but significant relationship between procedural injustice and deviance. Previous study by Skarlicki and Folger (1997) found a significant relation between procedural justice and retaliatory behaviors.

H3: Procedural Justice mediates the relationship between HRM Practices and Employee Misconduct.

- H3a: Procedural Justice mediates the relationship between Recruitment and Selection and Employee Misconduct.
- H3b: Procedural Justice mediates the relationship between Training and Development and Employee Misconduct.
- H3c: Procedural Justice mediates the relationship between Performance Management and Promotion and Employee Misconduct.
- H3d: Procedural Justice mediates the relationship between Compensation and Incentives and Employee Misconduct.

Ethics is divided into consequential or non-consequential (Baker, 1999). Weiss (2006), illustrated that consequences of an action will justify whether it is right or not on the means taken to reach those end, but, in non-consequential ethics, the ends do not justify the means of an action. People act ethically from a point of view of rationality whereas some argue that it is from habit and some other less rational basis of decision making (White Jr., 2002). Colbert et al. (2004) suggest that employees who perceived negatively about the work situation, in response will demonstrate deviant behavior if such behavior is consistent with their personality traits.

H4: Unethical Behavior of Self moderates the relationship between Procedural Justice and Employee Misconduct.

A person behavior or level of ethicality can be influence or shaped by their colleagues behavior as well as their superior in an organization. Shantini (2008) found that one's ethical behavior is significantly related to their co-workers behavior and ethical optimism scale.

H5: Unethical Behavior of Co-Workers moderates the relationship between Procedural Justice and Employee Misconduct.

3.3 Selection of Measures

The research instrument used for this study was a self-administered questionnaire. A cover letter for the purpose of explaining the nature of the study to the targeted respondent was attached to the questionnaire. The questionnaire contains five sections with a total of 52 items with some negatively worded instruments.

Section A contains 19 items to measure HRM Practices; followed by Section B, 15 items to measure Procedural Justice; Section C, 8 items to measure employees level of ethicality, that are Unethical Behavior of Self and Unethical Behavior of Co-Workers; followed by Section D, 10 items to measure Employee Misconduct. In Section E, there are 9 items to study the respondent demographic profile. The items were adopted from past researchers and the list of sources is as per Table 5. Some of the instruments were adapted to suit Malaysia context.

All items were measured using a 5-point Likert Scale that requires respondent to justify the level of agreement with 1 being Strongly Disagree to 5 being Strongly Agree. The complete questionnaire is attached in the Appendix 2.

Table 5: List of Items and Sources

No	Construct of measures	No of items	Sources	Section and Items No
1.	Recruitment and selection	4	Islam and Siengthai (2010)	A 1 to 4
2.	Training and development	4		A 10 to 13
3.	Performance management and promotion	5	Ansari, Hung and Aafaqi (2000)	A 5 to 9
4.	Compensation and incentives	6	Ahmad and Schroeder (2003)	A 14 to 19
5.	Procedural Justice	15	Niehoff and Moorman (1993)	B 1 - 15
6.	Unethical Behavior of self	4	Deshpande et al (2006)	C 1 - 4
7.	Unethical Behavior of co-workers	4		C 5 - 8
8.	Employee Misconduct	10	Fimbel and Burstein (1990); Peterson (2002); Ethic Resource Center (2005); Atakan, Burnaz and Topcu (2007)	D 1 - 10

3.4 Sampling Design

The source of primary data was obtained from respondents via administered questionnaires either by hand or through online survey form (The Online Survey, 2011) developed under 'Google Doc' application. The link of the online form was emailed to the targeted respondents via several reliable online network and was emailed directly to certain reliable organization i.e

malaysiaHRonline@yahoogroups.com.my, lina@jobstreet.com.my; mef-hq@mef.org.my; mba_um@yahoogroups.com, hr@ramunia.com.my, staff@aims.com.my, hr@petronas.com.my, hr@sapura.com.my, hr@tm.com.my and many more. The targeted population consists of employees working under a contract of employment in any organization that has Human Resources Department, within Malaysia. Specifically, the unit of analysis is individual respondent. The targeted sample size is between 200 – 300 respondents from various demographic backgrounds.

Snowballing, a non probability sampling method was employed in this study, where participants helps in referring researchers to other members within their network who may have similar or different characteristics, experience or attitude as them as highlighted by Cooper and Schindler (2006). Among the benefits of adopting this sampling are it enables widespread and less expensive method to do survey. The type of investigation is correlational as to study the relationship among the variables; and the study setting is non-contrived, where a cross sectional research was done in a natural environment where work proceeds normally without any interruptions.

3.5 Data Collection Procedure

The hardcopy of the questionnaires and the link of the online form were distributed extensively via personal and formal contacts, as well as by respondent extended networks. The cover letter of the questionnaires was also

attached to explain the nature of the study. Moreover, the targeted respondent were notify about the criteria to participate in this survey, which they must be an employee who is under a contract of employment either in private or public organizations in Malaysia, and their organization must have a sound Human Resource Department. The researcher contact information was also shared for respondent references and submission of the questionnaires. The response is quite encouraging via adopting this technique due to the large network and quick.

3.6 Data Analysis Techniques

Descriptive Statistical Analysis

The Descriptive Statistics Analysis was used to summarize respondents' responses on the items (questions), in terms of frequency or regularity and percentages of the data. Generally, demographic characteristics of the respondent were tabulated in the form of frequency tables that consists the mean, median, mode, standard deviations and percentages. From these details, some general observations about the data collected and the respondents may be observed to better understand the study.

Normality Test

Normality Test was done to ensure that the study was conducted and distributed appropriately. According to Coaked, Steed and Ong (2010, p. 37), "…the assumption of normality is a prerequisite for many inferential statistical

techniques…" and Chua (2008) highlighted that data distribution for the sample is considered normal if the skewness and kurtosis values for all variables are of ± 2 standard error of skewness.

Cronbach's Alpha Reliability Test

The reliability test of Cronbach's Alpha was performed to examine the internal consistency of the items used in this study. This is done to ensure that the items or questions used are reliable in the first place, before there are been utilized to measure effectively the intended objective of the researcher. According to Hair et al (2006), the data is reliable and acceptable if the Alpha coefficient value is more than 0.7. Additionally, Nunnally (1978) suggest that an alpha coefficient below 0.3 indicates the items have little commonalities; an alpha of 0.7 indicates moderate level of consistency among the items and an alpha of 0.9 and above represent a highly consistent group of items.

Factor Analysis

The purpose of adopting factor analysis is to examine whether each items for every variables are in fact measuring the intended factor or vice versa. A minimum number of five items per variable was required to be factored, and it is preferable for sample size of 200 and above (Coakes and Steed, 2007). Thus, it was sufficient to run factor analysis as 241 samples were collected for this study. The Principal Component (PC) method was adopted and the raw data was rotated in

Rotated Component Matrix, as it is widely practiced in quantitative research. The cut-off point value for factor loading is 0.5 for this study.

Bivariate Pearson's Product Moment Correlation Analysis

The main purpose or objective of Bivariate Pearson's Product Moment Correlation analysis is to measure or examine the strength and direction of the linear relationship between two variables (Coakes and Steed, 2007). For example, in this study, this method is used to examine whether there is a relationship between HRM Practices and Procedural Justice. Second, if the relationship exists, was it a positive or negative relationship. This technique was widely used to support the hypotheses of linear relationship in much research.

Multiple Regressions

The purpose of using Multiple Regression analysis is to predict the strength and relationship between multiple independent variables against dependent variable (Hair et al, 2006). Prior adopting this technique, Coakes and Steed (2007) several assumptions must be fulfilled. First, the ratio of cases must be at least five times bigger than the number of independent variables. In this study there are only four independent variables, implying that the minimum number of samples. Since there are a total number of 241 samples, this test therefore appropriate.

Secondly, outliers should be removed from further analysis as to reduce its influence because it usually has considerable impact on regression solution (Coakes and

Steed, 2007). However, there is no outlier found in this study. Thirdly, the sample should have low multicollinearity (high correlations among independent variables) and singularity (perfect correlations among the IVs), but, this assumption is not relevant for Principal Components (PC) methods (Coakes, Steed and Ong, 2007). Thus, in this study there is no low multicollinearity or singularity among the variables, this test therefore appropriate. Lastly, the samples must have normality, linearity, homoscedasticity and independence of residuals. Thus, this study meets all the criteria as mentioned above.