

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.0 Chapter Overview

Discussion and conclusion of this study will be summarized in this final chapter. Moreover, from the research results, further recommendations on the study will be proposed. And the implications of the findings between HRM practices, Procedural Justice, and Unethical Behavior of Self and Co Worker relationship over employee misconduct will be discussed.

5.1 Summary and conclusions

This study has provided an empirical result of the factors that may contribute to misbehavior among employees. The factors were determined by studying the relationship between HRM Practices (Recruitment and Selection, Training and Development, Performance Management and Promotion and Compensation and Incentives) towards Employee Misconduct, including mediating effect of Procedural Justice and moderating effect of Unethical Behavior of Self and Unethical Behavior Co-Workers to the aforementioned relationships.

The total respondent were 241 at the response rate of 40.1% with a fair proportionate between men (41.5%) men and women (58.5%), which most of them are private sector (73.44%) employees. Majority of the respondent aged between 21 to 30 years (48.13%) and most of them are Malay (58.09%), followed by Chinese (25.31%), Indian (12.45%) and others (4.15%). Most of the

respondent (52.70%) has first or bachelor degree qualification and majority of them are single (46.89%) and most respondent falls within the category of executive or engineer (46.06%) with majority of the earned between RM 2,000 to RM 3,999 (49.38%).

The Normality Test validate that the data of this study is considered normal as the skewness and kurtosis values for all variables are within the range (± 2 standard error of skewness). The Cronbach's Alpha reliability coefficient of the study range from 0.614 to 0.968. However, factor analysis were conducted to further examine the variables, the results of KMO and Bartlett's Test for the independent variables was 0.875 and significant (Chi-Square = 3.250E3, $p < 0.01$ at 0.000); and for dependent variable was 0.902 and significant (Chi-Square = 1.497E3, $p < 0.01$ at 0.000).

Next, Pearson Correlation analysis was conducted to study the relationship among the variables. The results showed that Recruitment and Selection ($r=0.399$, $p<0.01$), Training and Development ($r=0.427$, $p<0.01$), and Performance Management and Promotion ($r=0.316$, $p<0.01$) correlates positively with Procedural Justice. It supports H1a, H1b and H1c. Interestingly, most of the HRM Practices such Training and Development ($r= 0.135$, $p<0.05$), Performance Management and Promotion ($r=0.186$, $p<0.01$), and Compensation and Incentives ($r=0.159$, $p<0.01$) correlates positively with Employee Misconduct. It supports H2b, H2c and H2d. Procedural Justice correlates negatively with

Employee Misconduct ($r=-0.121$, $p<0.05$). The Unethical Behavior of Self correlates positively with Employee Misconduct ($r=0.545$, $p<0.01$). The Unethical Behavior of Co Workers correlates positively with Employee Misconduct ($r=0.252$, $p<0.01$).

Procedural Justice is a partial mediator of the relationship between Training and Development (TD) and Performance Management and Promotion (PMP) with Employee Misconduct, significant at -0.265 ($F_{5, 234} = 7.080$, $p<0.05$, at 0.000). These findings suggest that Procedural Justice negatively mediates the relationship between Training and Development and Performance Management and Promotion with Employee Misconduct. For example, in this study, most respondent responded that Performance Management and Promotion practices in their organization lead to Employee Misconduct (positive relationship); but, with the mediator effect, Performance Management and Promotion practices are less likely to contribute to Employee Misconduct if Procedural Justice were uphold, and vice versa.

Unethical Behavior of Self moderates the relationship between Procedural Justice and Employee Misconduct. It was statistically significant at 0.546 which explains that there is a contribution of the moderator on the tested relationship as the whole model is significant [$F(2,237) = 54.03$, $p<0.05$ at

0.000). The second moderator, Unethical Behavior of Co-Workers also significant at $r = 0.286$ ($F_{2, 234} = 12.26$, $p < 0.05$, at 0.000).

Thus, a total of 14 hypotheses had been studied, and 10 hypotheses were supported in this study. The hypotheses that were supported are 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); 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); 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); H4 (Unethical Behavior of Self moderates the relationship between Procedural Justice and Promotion and Employee Misconduct); and H5 (Unethical Behavior of Co-Workers moderates the relationship between Procedural Justice and Promotion and Employee Misconduct).

5.2 Discussion

This research attempts to identify the factors that can influence employee misbehavior of both public and private employees in Malaysia. It also aims to examine the relationship between HRM Practices, Procedural Justice and employees' ethicality towards their tendency to misbehave.

Firstly, the results of this study show that most of HRM practices have a significant relationship with procedural justice. This general finding was supported by Cropanzano and Wright (2003) study that procedural fairness can contribute positively to the effectiveness of human resource practices. Specifically, in this study, Recruitment and Selection, Training and Development and Performance Management and Promotion have a significant positive relationship with procedural justice. It indicates that most respondent perceived that their organization have upheld process fairness when engaging in those fundamental respectively.

Secondly, from the correlation and regression analysis, three of HRM Practices, namely Training and Development, Performance Management and Promotion and Compensation and Incentives correlates positively with Employee Misconduct, which indicates that it were among the factors that contribute to employee misbehavior. This findings were supported by several past researches that HR practices can unintentionally provide a context for employee misconduct to take root (Werbel and Balkin, 2010); organizational contexts such as codes of

ethics (Schwartz, 2001; Beu & Buckley, 2004), leadership and management (Grojean, Resick, Dickson, & Smith, 2004), and organizational culture or norms (Ashforth & Anand, 2003) influence misconduct. It proved that organizational process and procedure may also contribute to employee's misbehavior dilemma even though in presence of procedural justice (based on the findings of this study).

Arousing concerned, the respondent themselves responded that they engaged in certain unethical practices even though justice was upheld (proved by H1) in their organization. Alarmingly, it indicates that justice alone may not be enough to serve as control mechanism in avoiding or reducing the misconduct issues. Its send a signal that there is other factor (than procedural justice) which induces and inclines employees to behave unethically. Another concern is the nature of the items or instruments adopted for this study as most of it (Performance Management and Promotion, Compensation and Incentive, Unethical Behavior of Self and Co Worker and Employee Misconduct) were negatively worded and it may influences respondent tendency to feedback based on the nature of the items. However, all items were recoded before being analyzed.

Thirdly, the result from this study highlights that Procedural Justice do mediates the relationship between several of HRM Practices with Employee Misconduct, such as Training and Development and Performance Management and Promotion. This was supported by Henle (2005) study that there was a small but

significant relationship between procedural injustice and workplace behavior deviance; and there is a significant relation between procedural justice and retaliatory behaviors Skarlicki and Folger (1997). It may also be due to process loopholes on those functions as suggested by Ermongkonchai (2010), that Employee Misconduct is also possible due to process loopholes in obtaining transactional benefits such making exceptions on business travel policies as a form of recognition to get the job done for the sake of their organization.

Moreover, Ermongkonchai (2010) and Veiga et al (2004) concluded that 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. According to Cohen-Charash and Spector (2001), organization will be typically held responsible for its procedures and outcomes if there is violation of procedural or distributive justice that lead to organizational deviance. Thus, the findings from this and previous study proved that organizational practices, specifically HRM fundamentals (in this study) were proved to be one of the factors contributing to misconduct among employees.

Fourthly and fifthly, the study also found that Unethical Behavior of Self and Co Workers do moderates the relationship between Procedural Justice and Employee Misconduct, as both Ethical Behavior of Self and Co-Workers significantly moderates the mentioned relationship. The unethical behavior may

occur due to organizational deviance (Robinson & Bennet, 1995; O'Leary-Kelly, Griffin, & Glew, 1996; Robinson & O'Leary-Kelly, 1998) or organizational misbehavior (Vardi & Weitz, 2004).

Previous research suggests that individual differences personality traits and stages of moral development (Greenberg, 2002) influence misconduct. This was supported by Hastings and Finegan (2010) study, that individual dissimilarities should be considered along with situational factors in accounting for deviant behaviors. Moreover, according to Colbert et al. (2004) employees who perceived negatively about the work situation, in response will demonstrate deviant behavior if such behavior is consistent with their personality traits. In conjunction, a person behavior can be influenced or shaped by their colleagues' behavior as well as by 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. Thus, the findings from this paper and mentioned results from previous research concluded that one's ethicality and their co workers ethicality may be moderating factors to influence misconduct among employees.

5.3 Limitations of Study

Several limitations of this study which might affect the validity of the research results has been detected and acknowledged. Even though this research expands the knowledge on the relationship between HRM Practices, Procedural Justice, Ethical Behavior of Self and Co-Workers as factors towards Employee

Misconduct, but, there is still workable prospect for the future research to be conducted based on the result of this study as some of the findings do not support previous research as discussed earlier. Room for improvement exists as there are many other possible factors that can influence employee misbehavior other than the studied variables.

Another limitation of the study is time constraints, because only about five months were provided to conduct this research, which is relatively short. The main concern here is to attract as many as target respondent, as longer period of time would enable proper and effective distributions to larger sample size ($n < 500$) in order to reduce samplings error and biasness of the sample.

Moreover, the questionnaire was not distributed to all employees in Malaysia, as most of the respondents are from Klang Valley. Moreover, the findings may not be appropriate to represent the entire employees in Malaysia. Thus, the results are not generalizable to the entire population, specifically in Malaysia.

5.4 Suggestions for Future Research

The following suggestion was proposed for the benefit of future research in studying the relationship between HRM Practices and Employees Misconduct among employees within Malaysia context. The future research should be conducted in specific type of industry or a particular type of organization

especially those that have reported or faced serious misbehavior activity of their employees, to get a better understanding on those employees misbehavior.

Another suggestion is to adopt a more robust sampling method as there are restrictions in the generalization of the research result because snowballing techniques were adopted for data collection purpose. Due to that, the total sample size is only 241, and it might not be adequate to study the issues as it may not be representative of the overall population in Malaysia.

The future research on reasons for Employee Misconduct may be carried out using different constructs as to study more factors that might influence employee misbehavior such Leader Member Exchange (LMX), working conditions, employer and employee relations, the overall organizational justice elements (not only procedural justice as studied) and other relevant cause as to understand the complexity of employee misbehavior. Moreover, future research should explore other factors as moderator such income level, education level and others.

5.5 Implications

The major implications of the study is it proved that most of HRM Practices studied such Training and Development, Performance Management and Promotion, Compensation and Incentives, including Procedural Justice and Unethical Behavior of Self and Co Workers can be considered as factors that was not appropriately manage in an organization as its do contribute to

misconduct among employees in Malaysia. Even though, most of HRM Practices do have a positive relationship with Procedural Justice, but it does not serve as guarantor that employee will behave in their best manner. It just indicates that the respondent perceived that there is fairness in the process or procedure of those fundamentals in their organization, but misconduct may still happen for various reasons. Therefore, an extensive study shall be considered to keep exploring this issue as the number of misconduct keep growing.

Another important implication is Procedural Justice is one of the factors that may contribute to misconduct as it has negative relationship with employees' misconduct in this study. It indicates that if the process fairness were upheld, employees will then be likely to behave and tendency of misconduct will be low. Reversely, in the absence of process fairness, employee will have tendency to engage in unethical behavior. Another implication, Procedural Justice does mediate the relationship between Training and Development, and Performance Management and Promotion with Employee Misconduct. It indicates that in absence of fair process or procedure of managing training and performance activities, it may lead employee to misbehave as employee perceived that the process was unfair and they were not treated reasonably by the organization. Thus, it can be a factor that incline employee to engage in unethical activity.

At last but not least, one's ethicality and their co workers ethicality moderate the relationship between Procedural Justice and Employee Misconduct. It indicates

that, the lower the process fairness, the higher the tendency of growing unethical behavior, that will eventually lead and enhance employee to misbehave or engaged in a deviant behavior. Reversely, it indicates that the higher the process fairness, there will be less tendency for employee to grow unethical behavior. Thus, their level of ethicality (if high) will serve as a barrier as not to engage in any unethical conducts at the workplace.

Therefore, organization specifically the management or the Human Resources practitioner is advice to reexamine the main functions of the processes and procedures in their organization as to better understand, govern and manage the dynamicity of employees' behavior. The organization must not only ensure that Procedural Justice being uphold in order to tackle, reduce or control employee misconduct, but for instances, the organization overall systems should also be more transparent as to avoid mismanagement and to gain employees trust.

It is important to cater to the studied issue as previous research findings explained that fair process lead to intellectual and emotional recognition that creates trust and commitment which build voluntary cooperation (Cropanzano et. al., 2007). Consequently, it is crucial to cultivate and practice positive organization citizenship behavior and value such as integrity, conscientiousness, open communication, fair judgment in decision making, equal opportunities for all employees and other techniques that may assist to overcome this misconduct dilemma.

Therefore, the overall aspect of managing organizational processes and procedures is important not only to buy in employee interest to stay focus and dedicated themselves to work, but at the same time it should cater to fulfill employee perceived fair or equal formal processes and treatment during the process. It is because it will determine the behavior that employee choose to act from their own perspectives, whether to act or not to act ethically.