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# EMPLOYEES' PERCEPTION OF TRANSPARENCY IN MANAGEMENT AND THEIR COMMITMENT: A SPECIAL REFERENCE TO EDUCATION MANAGEMENT

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## ABSTRACT

*Globalization and information technologies have brought substantial changes in management and made transparency as an essential ethics of managing public or private entities. Managerial transparency was theoretically found to have some influence on employees' attitude. The purpose of this research was to investigate the relationship between employees' perception of different components of transparency in management and their different types of commitment in an education management atmosphere. According to literatures the components of transparency were identified as openness, integrity and participation; and the types of commitment were identified as Affective, Continuance and Normative. A survey type study was done with a sample of 287 teachers serving in government schools managed by the Provincial Education Authorities of Northern Province in Sri Lanka. Findings indicated that the relationship between employees' perception of different components of transparency and their different types of commitment were significantly and strongly correlated, which provided evidence that these two concepts were strongly related in the minds of the employees who participated in this study. It was also proved that employees' perceptions of different components of managerial transparency contributed much in explaining the variations in different types of commitment*

**KEY WORDS:** *Perception of transparency, Management, Employee commitment,*

## 1. INTRODUCTION

Education sector is a vital sector for the national economy, which produces the necessary human capital for the economic activities of a country (Ozturk 2001). But, the field of education in several countries is facing a lot more challenges in making its employees committed to their profession (Jones, 2000 & Steering committee, 2014) even though the

importance of public officials' personal commitment to their profession as the foundation of administrative responsibility has long been stressed in the public administration literatures (Friedrich, 1940; Gaus, 1936; Miller, 2000). Employees who are engaged in their work and committed to their role give organizations crucial competitive advantages—including higher productivity and lower cost of production. (Vance 2006). Therefore it is very

necessary to take measures to make employees committed. Managerial transparency is believed to have some influence on employees' attitude (Bloomfield & O'Hara, 1999); and organizational transparency is found to have positive effect on employee trust (Rawlins 2008). However, the effect of transparency on employee commitment is not yet properly understood. Hence, there is a need to understand the relationship that the employees' perception of managerial transparency with its dimensions can have on the various types of employee commitment

## 2. REVIEW OF LITERATURE

Transparency, even though it has been regarded as an essential constituent of good governance and democratic politics since long ago (Hood and Heald, 2006), has been treated as a "peripheral concept" to organizational theories until the late 20<sup>th</sup> century; and henceforth started to drag significant attention of research (Patel, Balic, & Bwakira, 2002). More formal studies on transparency in organizational research domain have taken place in the past two decades. There are considerable number of studies that empirically examine the relationships between transparency and organizational outcomes. Many studies in the fields of public and private management have established that transparency has positive effects on organizational outcomes (Fleischmann & Wallace, 2005). It has been established that transparency contributes to productivity of the organization through increasing the employees' faithfulness to the organization (Cucciniello & Nasi 2014). Managerial transparency has been proved as a contributing factor of successful organizational change management; because, when future plans of the organization are transparent employees voluntarily get adapted to the change (Henriques, 2007). It is also said that transparency is an appropriate means of building trust and loyalty of stakeholders (Fairbanks et al., 2007). Street and Meister (2004) observed that "internal" transparency which is "an outcome of communication behaviours within an organization that reflects the degree to which employees have access to the information requisite for their responsibilities" is of paramount importance.

Kim (2009) constructed a three dimensional approach to study transparency in local governance setting. The dimensions of this model are openness, participation and integrity. The openness means the availability of government information for scrutiny, laws and rules ensuring citizen's right to know, media freedom, communicating and knowledge sharing processes. The participation denotes involving the members of public in decision-making and policy-forming activities of

organizations/institutions for policy development (Rowe and Frewer, 2005). The integrity is defined as "incorruptibility, and it requires that holders of public office avoid placing themselves under financial or other obligation to outside individuals or organizations that may influence them in the performance of their official duties." (Cheema 2003). Simply put, it connotes demonstrating the fairness of rules, in procedures, and in resource allocation. Integrity also involves generating, following and reinforcing clear rules of how decisions are made, how people will be engaged or ideas solicited and how policies and guidelines will be used in running the enterprise (Staub, 2009). Basically it is all about telling the truth and avoiding any perception of lying.

Based on the above model, it can be concluded that transparency consists of three important principles which are: Openness, Integrity and Participation. These are assumed as the key dimensions of transparency model for this study.

Employee commitment has been studied as one of the key aspects which describe the relationship between employee and organization. Considering the importance of employee commitment to the organization, organizational and behavioural scientists have paid more attention to this concept (Mowday et al 1982).

As Meyer and Allen's three-component model has undergone the most extensive empirical evaluation to date (Allen & Meyer, 1996) and represents all the other previous models it can be assumed as a basic model for the study of commitment. Mayer and Allen developed their model based on the common themes in the conceptualization of commitment from existed literatures (Allen & Meyer, 1990; Meyer & Allen, 1984). Common to all conceptualization is the belief that commitment acts as a binding force between an employee and the organization. The mindset that causes differences in the binding force characterizes commitment. According to Meyer and Allen (1997) the employee's emotional attachment to, identification with, and involvement in the organization is affective commitment. It also represents the process by which employee's personal goals and the goals of the organization become congruent (Hall et al 1970). This is associated with higher productivity (Meyer et al 1989), positive work attitudes (Allen and Meyer, 1996), and citizenship behaviors (Meyer and Allen, 1991). The mindset which is "Awareness of the costs associated with leaving the organization" is defined as Continuance commitment (Meyer and Allen, 1997). It is also described as the "profit associated with continued participation and a cost associated with leaving the organization" (Kanter, 1980). This is different to affective commitment and has been associated with

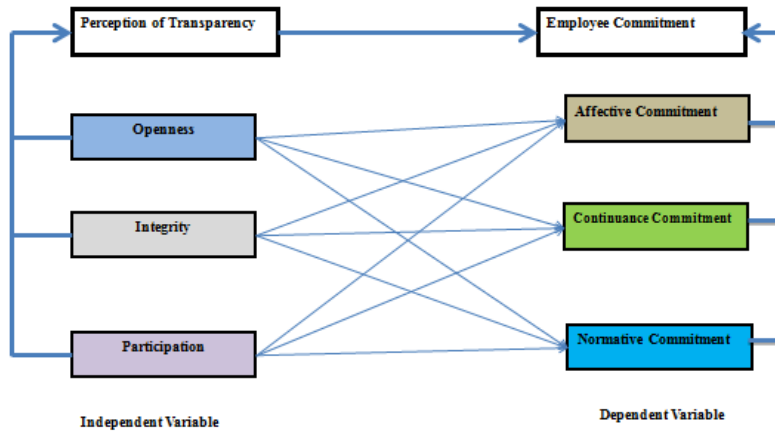
lower levels of organizational citizenship behaviors (Shore and Wayne, 1993) and lower job satisfaction (Hackett et al., 1994). Meyer and Allen (1997) defined the feeling of obligation to continue employment as Normative commitment. Because of internalized normative beliefs of duty and obligation employees consider it to be morally appropriate to remain with a specific organization, irrespective of how much status improvement or benefits the organization has provided over the years (March & Mannari 1977). According to some studies this is positively related to work effort (e.g. Randall and O’Driscoll, 1997), overall performance (e.g. Ashforth and Saks, 1996), and negatively related to absenteeism (Iverson and Buttigieg, 1999).

Based on the above model of commitment, the three different types of employee commitment such

as Affective commitment, Continuance commitment, and Normative Commitment are recognized as the key components.

### 3. CONCEPTUAL FRAMEWORK

The literature review showed that the key components of Transparency are: Openness, Integrity and Participation; and the key components of commitment are: Affective commitment, Continuous commitment and Normative Commitment. These three components of transparency are the independent variables, which affect the different types of employee commitment, which are the dependent variables. The conceptual model depicts the relationships between the independent variables and dependent variables (Figure 1)



**Figure 1. The Conceptual Framework**

Source: Conceptualization by the Researcher

### 4. HYPOTHESES

The following hypotheses are formulated based on the above conceptual model

H<sub>1</sub>: There is significant relationship between different components of employees’ perception of transparency and the different types of employee commitment

H<sub>2</sub>: There is impact of different components of employees’ perception of transparency on the different types of employee commitment

### 5. METHODOLOGY

This was a survey type study conducted in education sector. The sample for this study was drawn from employees serving as teachers in government schools managed by Provincial Council administration in the Northern Province of Sri Lanka. The respondents were 287 teachers selected based on convenience of access. A questionnaire containing 34 items of three sections: demographic items, transparency items and commitment items; was

employed for data collection. The respondents were asked to rate their perceptions in a five point Likert scale.

### 6. OBJECTIVES OF THE STUDY

The objectives of the study were:

- To examine the relationship between each component of employees’ perception of transparency and the different types of employee commitment
- To evaluate what extent each component of employees’ perception of transparency affects the different types of employee commitment

### 7. ANALYSIS AND INTERPRETATION OF DATA

*Validity and reliability of instrument*

To ensure the validity and reliability of the data gathered, the following steps were taken

In measuring validity, the correlation matrix for the indicator statements of each concept variable was

taken to check the concurrent and criterion-related validity. Inter- item consistency analysis was conducted using Cronbach’s coefficient alpha to test the consistency of responses. This indicates how

well the items in one set are positively correlated to one another. The results generated are shown in Table 2.

**Table 1: Reliability Analysis**

	<b>Cronbach’s Alpha</b>
Openness	0.927
Participation	0.846
Integrity	0.712
Affective Commitment	0.681
Continuous Commitment	0.753
Normative Commitment	0.709

Source: Survey data

As shown in Table 2, all variables except affective commitment have Cronbach’s coefficient alpha values greater than 0.7. Affective commitment has a Cronbach’s value of 0.681. According to

Churchill (1979) this reliability can also be accepted as it is above 0.6.

*Correlation Analysis*

The results of analysis is given in Table 3

**Table 2: Correlation Analysis**

	<b>Affective</b>	<b>Continuous</b>	<b>Normative</b>
Openness	0.871	-0.908	0.848
Participation	0.865	-0.925	0.848
Integrity	0.819	-0.893	0.915

Note: N=287 \*all Correlations are statistically significant at 0.01 level.

Source: Survey data

*Regression Analysis*

The results of analysis is given in Table 3

**Table 3: Regression Analysis**

	<b>UB</b>	<b>SEB</b>	<b>B</b>	<b>Sig</b>
<b>Affective Commitment<sup>a</sup></b>				
Openness	0.494	0.076	0.419	0.000
Integrity	0.039	0.074	0.035	0.602
Participation	0.364	0.067	0.362	0.000
<b>Continuance Commitment<sup>b</sup></b>				
Openness	-0.288	0.049	-0.262	0.000
Integrity	-0.148	0.047	-0.144	0.002
Participation	-0.370	0.043	-0.395	0.000
<b>Normative Commitment<sup>c</sup></b>				
Openness	0.145	0.054	0.150	0.008
Integrity	0.566	0.052	0.626	0.000
Participation	0.042	0.047	0.052	0.370

Source: Survey data

<sup>a</sup>Adjusted R<sup>2</sup>=0.801, F=288.80, p<0.000

<sup>b</sup>Adjusted R<sup>2</sup>= 0.908, F=703.29, p<0.000

<sup>c</sup>Adjusted R<sup>2</sup>= 0.853, F=415.19, p<0.000

**8. FINDINGS**

The Cronbach’s alpha reliabilities of items used to measure perception of transparency and commitment ranged from 0.681 to 0.927 (see Table 1), meeting the basic standards for reliability. Churchill (1979) has recommended that minimum reliabilities could be 0.6, which all of the measures

exceeded some by a large margin. First, the analysis of relationship between the components of transparency and different types of commitment were done through Pearson Correlation study. The relationships between the components of transparency and affective commitment are strongly correlated (from 0.819 to 0.871) at the p<0.01 level

(see Table 2). This shows that employees perception of transparency and their affective commitment are strongly related in the minds of the employees (n=287) who participated in this study.

The relationship between the components of transparency and Continuance Commitment shows strong negative correlation (from -0.925 to -0.893) at the  $p < 0.01$  level (see Table 2). This shows that employees perception of transparency has an inverse relationship with their Continuance Commitment mindset of the employees (n=287) who participated in this study. It should be noted that when employees perceive more opportunities for participation to enjoy transparency their mindset of Continuance Commitment changes ( $r = -0.925$  at  $p < 0.01$ ).

The relationship between the components of transparency and Normative Commitment are strongly correlated (from 0.848 to 0.915) at the  $p < 0.01$  level (see Table 2). This shows that employees perception of transparency and their normative commitment are strongly related in the minds of employees (n=287) who participated in this study. It also reveals that employee's perception of Integrity in management is very strongly related to their normative commitment mindset ( $r = 0.915$  at  $p < 0.01$ ).

A second analysis of the strength of the relationships between the components of transparency and different types of commitment was done by linear regressions.

About 80% of the variations in affective commitment could be explained by the three components of transparency namely: Openness, Integrity and Participation ( $F = 288.80$ ,  $p < 0.000$ ). The standardized regression coefficients suggested that Openness ( $Beta = 0.419$ ), followed by Participation ( $Beta = 0.362$ ) contributed to the variations in affective commitment. Even though all three components such as Openness, Integrity, and Participation are strongly correlated with affective commitment, only openness and participation are more closely associated with, in the mindsets of the employees who participated in the study (see Table 3).

About 90% of the variations in continuance commitment could be explained by the three components of transparency namely: Openness, Integrity and Participation ( $F = 703.29$ ,  $p < 0.000$ ). The standardized regression coefficients suggested that all components such as Openness ( $Beta = -0.262$ ), Integrity ( $Beta = -0.144$ ) and Participation ( $Beta = -0.395$ ) are inversely contributed to Continuance Commitment. All three components are strongly and negatively correlated to continuance commitment, whereas participation component is relatively higher in negative contribution to continuance commitment. (see Table 3).

About 85% of the variation in Normative Commitment could be explained by the three components of transparency namely: Openness, Integrity and Participation. ( $F = 415.19$ ,  $p < 0.000$ ). The standardized regression coefficients suggested that openness ( $Beta = 0.150$ ), and Integrity ( $Beta = 0.626$ ) contributed the most to Normative Commitment, while participation ( $Beta = 0.052$ ) was not a significant contributor in a model that included all three components. While all three components are strongly correlated with Normative commitment, Integrity is most closely associated than other components and participation is less associated with normative commitment in the mindsets of the employees who participated in this study.

## 9. CONCLUSION

The results of the correlations and regressions provide strong evidence that employees' perception of transparency and their commitment are related. As employees' perception of transparency in management increased so did their affective and normative commitments. Their perception of transparency has inverse relationship with continuance commitment. The evidence of the correlations is supported by the results of the regressions. The results of the regressions showed that the components of transparency are explaining 80% of the variance of affective commitment, 90% of the variance of the continuance commitment and 85% of the variance of Normative Commitment. The regressions also showed that certain components of transparency have stronger explanatory power in predicting the relationship between transparency and commitment. Openness and Participation are the components of transparency that explained the most in the relationship between affective commitment and transparency and likewise between continuance commitment and transparency. Integrity explained the most in the relationship between normative commitment and transparency.

## 10. DISCUSSION

From this study, one could conclude that when management of an organization becomes more transparent they could have more affectively and normatively committed employees. This could also contribute to the reduction of continuous commitment among employees. Management has to understand the transparency needs of employees to enhance their commitment. This is because the success of the organization highly depends on the performance of the workers (Zheng et al, 2010; Ajila and Awonusi, 2004) and employee commitment is an important antecedence that determines the performance of the workers (Ali et al, 2010; Ajila and Awonusi, 2004).

This study is limited to the perception of one stakeholder group namely employees, since this group has a unique relationship with the organization the results of the study could be limited to employees' perception of transparency and their commitment. A study of other stakeholders may give different results. Therefore research should be conducted among different stakeholders to test these possible differences.

## 11. RECOMMENDATIONS

Even though the research questions have been answered, several questions for further research prevail intact. For instance it would be interesting to study whether the similar findings would be obtained with the employees working in other sectors of government. Research also needs to be conducted to test the model in other settings such as semi governmental sectors and private sectors.

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