



EXPOUNDING THE RELATIONSHIP BETWEEN HUMAN RESOURCE (HR) ETHICS AND PERFORMANCE OF SELECTED TECHNOLOGY-DRIVEN BANKS

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ABSTRACT

The present study builds on extant ethical literature by examining the relationship between HR ethics and performance of selected technology-driven banks, Ogun state, Nigeria. The study was quantitative and the items in the questionnaire were adapted from previous studies. A total of 206 respondents were surveyed and statistical regression models were used to examine the relationship between the independent variables (HR ethics) and dependent variables (employee performance). The findings showed that The results of the ‘goodness of fit’ suggest that all the conditions of SEM were met and the findings from the analyses indicates that HR Ethics (Equal employee benefits, Respect for employees’ rights and dignity, Equal pay for equal work, Opportunity for stewardship and Fair treatment) have significant influence on performance of the selected banks. Furthermore it was discovered that demographic characteristics except gender significantly moderate the relationship between HR Ethics and Banks’ Performance. For the sampled banks to enhance performance, it

becomes important for management to ensure compliance with the core ethical values and obligations enshrined in the Staff Regulations.

Key words: Ethics, Performance, Motivation, Human Resource, Equal Pay, Stewardship

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1. INTRODUCTION

Human resource management (HRM) practices are presently subjected to rapid professionalization as firms today are experiencing an array of pressures that create conditions for ethical dilemmas. Business principles and ethics – or lack thereof – can have a profound effect on an organization's employees, its balance sheet, and how customers and consumers view its reputation. The expenses associated with noncompliance can cause a business to go from operating in the black to seeing red if HR engages in unethical business practices (Chikumbi, 2011; Armstrong & Taylor, 2014)

Ethical HR practices are fundamental to company's compliance with federal, state and local employment laws and regulations. For example, section 9(6) of the Labour Act prohibits discrimination based on factors such as age, race, ethnicity, sex and disability; it is within the HR department's purview to ensure that the company follows the rules. Unethical business practices by the HR team can create serious legal problems for the business (De Silva, Opatha, & Gamage, 2016; Khan, 2014) and ultimately cause the organisations to lose employees (Jha, Varkkey, Agrawal & Singh, 2017).and customers (De Silva, et al, 2016). In addition, costly litigation and employment claim settlements will quickly burn through the firms' operating funds and profits, which is why HR must act responsibly and honorably.

The employment relationship typically begins with HR-sponsored orientation, which provides information about the company history, mission and values, code of ethics and business principles. Orientation sessions also include business processes and procedures; however, ethics underlie those processes and procedures (Palomino & Martínez, 2011; Opatha, 2015). Employees who complete orientation are then assigned to their work areas and expected to accomplish their tasks while upholding the values and principles of the organization. Regardless of whether an employee is in a back-office role or a customer-facing position, it's important to uphold the values and principles they learned during new-employee orientation. The ethics training that HR develops is essential for employees to build and sustain customer relationships (Khan, 2014; Ibidunni, Osibanjo, Adeniji, Salau & Falola, 2016).

Consequently, ethics are vitally important for human resources because they are a reflection of the company and its overall business practices. This has become one major area that has not been fully surveyed from scholarly perspectives is that of ethics in HR. Extant literature on organizational behaviour and psychology cast doubt on the contention that ethical HR practice inevitably improves firm performance (Falola, et al, 2018; Dessler, 2013; Abdullah, 2011; Chikumbi, 2011). Instead, research and theory suggest several principles necessary to successfully prevent multifaceted ethical dilemmas in HRM. This paper analyses through a model framework practical principles HR practitioners can adopt to stimulate performance and enhance the positive outcomes of multinational corporations.

Sequel to this line of thoughts, we formulate the following hypotheses:

H₀₁: HR Ethics (Equal employee benefits, Respect for employees' rights and dignity, Equal pay for equal pay, Opportunity for stewardship and Fair treatment) have no significant influence on performance of the selected banks.

H₀₂: Demographic characteristics do not significantly moderate the relationship between HR Ethics and Banks' Performance.

2. METHODS

Population

The study was quantitative and the items in the questionnaire were adapted from previous studies. A total of 206 banks' staff were surveyed to examine the relationship between the independent variables (HR ethics) and dependent variables (employee performance).

Data Collection

A question-based survey was adopted in eliciting information from selected banks operating in Ogun state on the relationship between HR ethics and performance. The items in the questionnaire were adapted with modifications from the works of De Silva, Opatha, & Gamage, 2016) and Khan (2014). More than 200 respondents from 3 selected banks responded to the survey. A brief discussion was made in all the sampled banks separately to explain importance and applications of HR ethics for respondents.

Research Instrument and Design

The use of questionnaire was adopted for the study. The collection of data was obtained by the 5-point Likert scale and closed-ended questions. The five point Likert scale placing 5 as the highest score and 1 as the lowest score, was utilised. The frequencies of positive responses to each item, as well as the mean and standard deviation of scale totals were calculated. The scale represented each of the five constructs in the model: Equal Employee Benefits, Respect for employees' rights, Respect for dignity, Equal pay for equal pay, Opportunity for stewardship, Fair treatment.

Method of Data Analysis

The use of measurement and structural model were adopted for the analysis as recommended by Fornell & Larcker (1981). Confirmatory Factor Analysis (CFA) was used for the measuring the reliability of the items and AMOS software were utilized for Structural equation modeling (SEM).

3. RESULTS

A frequency chart showing the practice of HR ethics in selected banks..

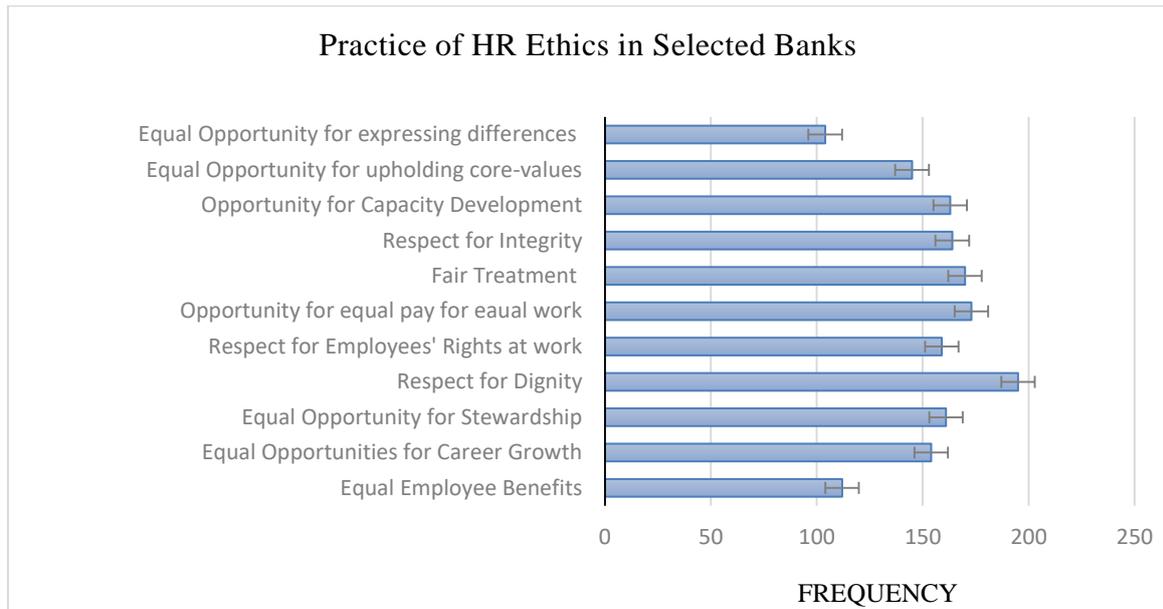


Figure 1: Practice of HR Ethics in Selected Banks

Mean, Standard Deviation and Correlation Matrix

Table 1: Descriptive Statistics and Correlations Matrix.

S/N	Items	Mean	S.D	N	1	2	3	4	5	6	7
1	Equal Employee Benefits	3.32	.866	228	1	-.029	-.076	-.202**	-.061	.336**	-.029
2	Respect for employees' rights	3.64	.776	228		1	.600**	.333**	.087	.437**	.216**
3	Respect for dignity	3.99	.873	228			1	.644**	.230**	.505**	.435**
4	Equal pay for equal pay	4.02	.743	228				1	.648**	.169*	.035
5	Opportunity for stewardship	3.71	.476	228					1	.055	-.241**
6	Fair treatment	3.78	.553	228						1	.227**
7	Banks' Performance	3.62	.620	228							1

** . Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

Details of the convergent reliability using the Confirmatory Factor Analysis are presented in Table 2. The table indicated that the coefficient correlation is highly correlated and the conditions for checking the reliability of CFA were all met and significant.

Table 2: Result of Convergent reliability using Confirmatory Factor Analysis

Variables	Items	Loading	Indicator Reliability	Error Variance	Compose Reliability	Ave. Variance Estimated	No of Items
	Threshold	≥ 0.7		≤ 0.5	≥ 0.8	≥ 0.5	
HR Ethics	Equal Employee Benefits	0.764	0.583	0.417	0.935	0.706	4
	Respect for employees' rights	0.842	0.708	0.292			2
	Respect for dignity	0.793	0.629	0.371			2
	Equal pay for equal pay	0.886	0.785	0.215			2
	Opportunity for stewardship	0.893	0.797	0.203			3
	Fair treatment	0.856	0.733	0.267			3
Banks' Performance		0.922	0.849	0.151	0.843	0.730	

Expounding the Relationship Between Human Resource (HR) Ethics and Performance of Selected Technology-Driven Banks

The results depict that the factor loadings of CFA and the major conditions used to examine the convergent validity as suggested and recommended by Fornell and Larcker (1981) and Bagozzi and Yi (1988) were met. Having run the test, the SEM was presented, and results of fit indices was shown in Figure 2 and Table 3 respectively.

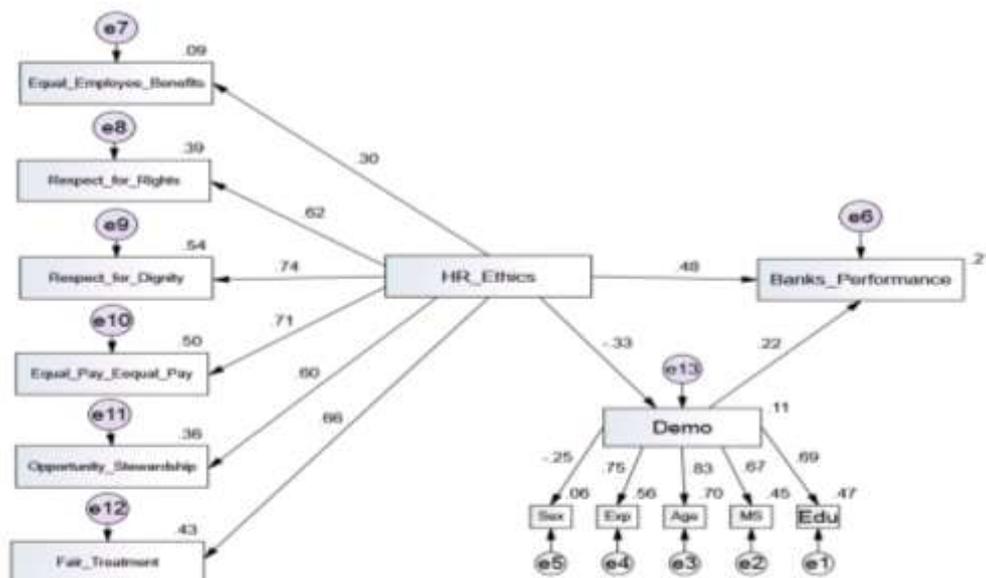


Figure 2: Regression Weights of the Variables

To validate the descriptive statistics, the use of Structural Equation Modelling (SEM) was adopted to explain the relationship between sets of observed and latent variables. The conditions for structural model indicate firstly, that all scale and measurement items such as NFI, CFI, GFI and IFI are significant when it exceeds the minimum value criterion of 0.90; second, the RMSEA becomes significant when it is less or equals 0.08 and thirdly, the CMIN/DF is also significant when it is less or equals 3.00 (Bentler & Bonnet, 1980; Bagozzi & Yi, 1998).

Meanwhile, results for standardised regression weights for each variable are stated in Table 4.

Table 4: Standardized Regression Weights

Dependent		Independent	Estimate	S.E.	C.R.	P	Sig
Demo	<---	HR_Ethics	-.328	.037	-5.232	.526	Rejected
Banks_Performance	<---	Demo	.218	.187	3.479	***	Accepted
Banks_Performance	<---	HR_Ethics	.475	.110	7.588	.016	Accepted
Respect_for_Dignity	<---	HR_Ethics	.738	.058	16.457	***	Accepted
Equal_Pay_Equal_Pay	<---	HR_Ethics	.707	.073	15.063	.002	Accepted
Opportunity_Stewardship	<---	HR_Ethics	.604	.117	11.411	***	Accepted
Fair_Treatment	<---	HR_Ethics	.659	.079	13.184	.028	Accepted
Respect_for_Rights	<---	HR_Ethics	.622	.084	11.958	.006	Accepted
Equal_Employee_Benefits	<---	HR_Ethics	.304	.120	4.804	***	Accepted

4. DISCUSSIONS AND CONCLUSION

The results of the 'goodness of fit' suggest that all the conditions of SEM were met and the relationship among the various were significant except for demographic characteristics. The following findings were revealed in this study:

1. The findings from the analyses indicates that HR Ethics (Equal employee benefits, Respect for employees' rights and dignity, Equal pay for equal work, Opportunity for stewardship and Fair treatment) have significant influence on performance of the selected banks.
2. Furthermore it was discovered that demographic characteristics except gender significantly moderate the relationship between HR Ethics and Banks' Performance.

It can be conclusion, manager's role as a guardian of general rules of HR regulatory framework remains a key preoccupation in recent times, through a simplification of the management ethics-related procedures and revision of inquiries and disciplinary procedures to enhance the performance of the employees in various categories.

5. RECOMMENDATION AND MANAGERIAL IMPLICATIONS

The success of every organisations will heavily depend on the level of motivation and engagement of staff throughout their professional career and on the ability of the managers to make sure that staff members ethically possess appropriate skills. Managers play a main role when it comes to the effective delivery and implementation of HR Ethics. For the sampled banks to enhance performance, it becomes important for management to ensure compliance with the core ethical values and obligations enshrined in the Staff Regulations. Expectations for ethical behavior typically are communicated to employees via codes and policy documents, formal training programs, and messages from senior management. Implementing Provisions should be continuously reviewed to improve their clarity and coherence and staff awareness of existing rules will be enhanced. Failures to comply with ethical values expected of staff should continue to be followed up attentively and sanctioned appropriately.

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Expounding the Relationship Between Human Resource (HR) Ethics and Performance of Selected
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