INTERNATIONAL JOURNAL OF ENGINEERING AND MANAGEMENT SCIENCES

© 2004 -14 Society For Science and Nature (SFSN). All Rights Reserved

www.scienceandnature.org

THE EFFECT OF QUALITY CULTURE AND CORPORATE ETHICS VALUES ON INTENTION TO LEAVE AND ORGANIZATIONAL COMMITMENT

Riani Asri Laksmi

Faculty of Economics, Universitas Sebelas Maret, Solo, Indonesia Corresponding Author email: lamaranyogya@gmail.com

ABSTRACT

The purpose of this study was to examine: 1). The effect of quality culture on of organizational commitment, performance, job satisfaction, and the intention to move, 2). The effect of corporate ethics value on organizational commitment, performance, job satisfaction, and the intention to move, 3). The mediating role of organizational commitment to the effect of quality culture on the of performance, job satisfaction, and the intention to move, 3). The mediating role of organizational commitment to the effect of organizational commitment to the effect of corporate ethics value on performance, job satisfaction, and the intention to move. This research was carried out on the employees of production department with 76 respondents. A questionnaire consisting of 31 question items using a Likert scale is used as research instrument. Instrument testing is performed by the test validity using CFA (confirmatory factor analysis) and reliability testing using Cronbach's alpha. The hypotheses were tested using Hierarchical Regression Analysis. The results showed that: 1). Quality culture has a significant effect on the organizational commitment, performance, job satisfaction, and the intention to move. 3). Organizational commitment mediates the effect of quality culture on performance and job satisfaction, and 4). Organizational commitment mediates the effect of corporate ethics value on performance.

KEYWORDS: quality culture, corporate ethics value, organizational commitment, performance, job satisfaction, intention to move.

INTRODUCTION

Human resources are valuable asset for an organization. Despite intangible, human resources have more tremendous force than intangible asset. Creating an organization required qualified human resources. To realize the quality of human resources, organizational culture of quality required. Organizational culture is part of an organization's internal environment that includes a set of assumptions, beliefs and values of the organization together and used as a guide to perform their function (Schein in Gordon, 1996). One of the important characteristics of organizational culture is influencing the behavior of employees at work (Schein in Kreitner and Kinicki, 2000). Changing cultural styles tend to be more difficult than the implementation of technical improvement. The ideas to help the development of the organizational culture are through the support of quality initiatives in other words is a culture of quality (Davison & Al-Shaghana, 2007). Oakland (in and Al-Shaghana Davison, 2007) by John Oakland's Total Quality Management model shows the importance of commitment to quality and meet consumer desires and communication of the message of quality. Oakland also advocated the use of teams such as quality improvement teams and quality of life cycle to use his skills in the workplace and help to create total quality culture.

Corporate values have been known as the main dimensions of organizational culture and have been recognized as important characteristics that distinguish a company to others. Corporate values become the standard that serve as guidelines for external adaptation and internal integration of an organization, as well as affect the quality of goods and services of the organization, content, advertising, pricing policies, treatment for employees, and relationships with consumers; suplliers; community, and environment (Hunt et al., 1989). Dimension of ethics is one part of the corporate values. Ethics is the soul for the application of good management. Management ethics were manifested in the way employees are treated and influence in how they do their jobs. Corporate ethics values (CEV) itself is defined by Hunt et al., (1989) as a composition consisting of individual ethical values adopted by managers and the policies on ethics (both formal and nonformal) in the organization. Organizational commitment is the relative strength of identification and involvement of individuals in specific organizations (Steers in Elci et al., 2007). Organizational commitment can also improve organizational outcomes such as reducing the intention to leave. The intention to leave is a possibility that someone will leave his/her job (Elci, 2007).

LITERATURE REVIEW

Effect of Quality Culture on Organizational Commitment, Performance, Job Satisfaction and Intention to Leave

Garvin (in Elci et al., 2007) states that there is a strong relationship between Quality culture with organizational commitment. Parncharoen et al., (In Elci, 2007) Also found the Same thing, in Australia and Thailand, the culture of quality Within an organization has a strong and positive relationship with organizational commitment. Cimete et al., That show the improved quality of life and cultural quality has a positive influence on employee job satisfaction. Recent research states Dedicate a prominent cultural That quality in service, products and employees will from increase of employee organizational commitment and job satisfaction and reduce the earnest desire to move (Burke, in Elci, 2007). So the hypothesis cans be taken as follows:

- H₁: Cultural positively affects the quality of organizational commitment
- H₂: Cultural positively affects the quality of performance
- H₃: Cultural positively affects the quality of job satisfaction
- H₄: Cultural negatively affect the quality of the desire to move

Effect of Value of Corporate Ethics on Organizational Commitment, Performance, Job Satisfaction and Intention to Leave

Past research has shown that there is a strong relationship between corporate ethical values and organizational commitment to someone (Valentine et al, 2002). Hunt et al. (1989) also found that the value of corporate ethics is a significant predictor of organizational commitment. Meanwhile, according to Sims in Valentine et al., (2002), developing ethical context of managing the psychological contract between employees and the organization, increase employee organizational commitment, and support (to form and maintain) ethics-oriented organizational culture. While in another study, Sims & Keon (1997) found that ethics and values are positively related to satisfaction and negatively related to the desire to move / turnover intention. Weeks & Nantel (1992) showed that the code of ethics that is communicated well will bring improved standards of ethics and performance of sales representatives in the American context. Meanwhile, in a study involving 603 accountants in the United States, Elias (2005) found that the accountants have the perception that the implementation of the value of corporate ethics will bring results on the performance, organizational effectiveness, profitability, and long-term success. So the hypothesis can be taken as follows:

- H₅: The value of corporate ethics have positive influence on employees' organizational commitment
- H₆: The value of corporate ethics have positive influence on the performance of the employees
- H₇: The value of corporate ethics have positive influence on job satisfaction of employees
- H₈: The value of corporate ethics will impact negatively on the desire to move the employees

Effect of the Quality Culture on Performance, Job Satisfaction and Desire To Move mediated by the Organizational Commitment

Many studies have shown that organizational commitment is antecedent for job satisfaction (Price & Mueller, 1981; Bateman & Strasser, 1984 in Elci, 2007). A number of studies find that organizational commitment negatively affects the desire to move (Steers, 1977; Viener & Vardi, 1980; Mc. Neilly & Russ, 1992 in Elci, 2007). Job satisfaction also appears to affect negatively on the desire to move (Kraut, 1975 in Elci, 2007). A meta-analysis also showed that organizational commitment and job satisfaction is a good predictor for willingness to move (Coton & Tuttle, 1987 in Elci, 2007). Several previous studies have examined the relationship between organizational commitment to performance (Mowday et al., 1974; Baugh & Robert, 1994 in Elci, 2007). So the hypothesis can be taken as follows:

- H₉: Organizational commitment mediate the effect between quality culture and job satisfaction
- H₁₀: Organizational commitment mediate the effect between the culture of quality performance
- H₁₁: Organizational commitment mediate the effect between the culture of quality with a desire to move

Influence Value of Corporate Ethics on Performance, Job Satisfaction and Intention to Leave, Organizational Commitment

Elci et al., (2007) find that organizational commitment is an antecedent of job satisfaction. Thus, employees in general will be satisfied with his work and committed to the organization if they fit with the work itself. Elci et al., (2007) also found that organizational commitment and job satisfaction is negatively related to turnover intention because employees are more committed to the organization and the chance to feel satisfied with his work, the desire to move even smaller. The researchers also have found that the performance is determined by organizational commitment (Baugh & Roberts, Ward & Davis, Mowday et al. In Elci et al., 2007). From previous studies as mentioned above is known that the value of corporate ethics affect organizational commitment, while organizational commitment affect the performance, job satisfaction and the desire to move. Thus, organizational commitment is expected to mediate the relationship between corporate ethical values and the work of employees (performance, job satisfaction and the desire to move). So the hypothesis can be taken as follows:

- H₁₂: Organizational commitment mediates the effect between the value of corporate ethics and performance of the employees
- H_{13} :Organizational commitment mediates the effect between the value of corporate ethics and employee job satisfaction
- H₁₄:Organizational commitment mediates the effect of corporate ethical values and a desire to move on the employees

METHODOLOGY

The population in this study were all employees of the production at PT Tiga Serangkai Pustaka Mandiri

Surakarta-Indonesia, which totally 76 people. According to Roscue (2000), a larger sample size than 30 and less than 500 fits for using in research. Based on the above description of sampling a number of all employees of the production of as many as 76 people to serve the respondent feels is sufficient to provide a comprehensive explanation on the population studied. The sampling technique used is the census of the entire population as the sample based on certain considerations involving the selection of subjects that are in place or the best position to provide the necessary information.

Variable Operational Definition and Measurement of Variables

Quality Culture

Quality culture is the organization's value system which produces an environment conducive to the establishment and continuous quality improvement. Quality culture consists of philosophy, beliefs, attitudes, norms, traditions, procedures and expectations to improve the quality of questions on the quality of cultural items totaling 10 items adapted from Ahire *et al.*, (1996).

Corporate Ethics Values

The composition consisting of individual ethical values adopted by managers and the policies on ethics (both formal and non-formal) in the organization. This value helps build and maintain the standards to describe what is right to do and something worthwhile to do. Questions on the Corporate Ethics Values items amounted to 5 items adapted from Hunt *et al.*, (1989).

Organizational Commitment

Organizational commitment is a condition in which an employee is in favor of a particular organization and its goals and intend to maintain membership in the organization (Robbins, 2001: 92). Robbins saw a commitment to the organization is a working attitude. Meanwhile, according to Steers in Elci *et al.*, (2005), organizational commitment is the relative strength of the identification process and the involvement of someone in an organizational Commitment item consists of 3 items taken from Jaramillo *et al.* (2006).

Intention to Leave

In management, understanding the intention to leave is often referred to as intention to quit. Basically the two terms are the same meaning, which is one of the active form of destructive actions exit (turnover / quit) were performed to describe the dissatisfaction of employees in their work. This behavior includes finding a new position outside the organization and ask to stop (Robbins, 1996). Meanwhile, according to Elci *et al.*, (2007), intention to move is the possibility that someone will leave his job in the future. Questions on the intention to Move are 4 items adapted from Kelloway *et al.*, (1999).

RESULT

In this study, data analysis methods used is Descriptive Analysis and Quantitative Analysis.

Descriptive Analysis

Descriptive analysis is a method of data analysis by transforming raw data into a form more easily understood and interpreted (Zikmund, 2000:439). In this research, descriptive analysis is used to analyze the profile of respondents and responses of respondents to each question item.

Validity Test

Validity test used in this study is the technique of Factor Analysis (CFA). In this study, CFA was tested with the help of the software package SPSS 15.0 for Windows. Hair *et al.*, (1998) states that an analysis of factors otherwise feasible if the KMO test and quality Bartlet's Test of significance above 0.5 and below 0.05.

Reliability Test

To measure the reliability of research instruments is done with the item-to-total correlation and Cronbach's Alpha with the help of the computer program SPSS 15.0. According to Hair *et al.*, (1998:118), an instrument otherwise reliable if the Cronbach's alpha coefficient shows a value > 0.70 and beads reliable asked questions that have item-to-total correlation > 0.50. Even so, the coefficient of Cronbach's Alpha which are among the range of 0.6 to 0.7 is acceptable and item-to-total correlation > 0.30 are acceptable.

Hypothesis Testing

The hypotheses in this study are tested using path analysis, which is the development of multiple linear regressions. The regression models in this study are:

OC = 1 + 1 + 2 NEP BK + e (1) KUP = 1 + 1 + 2 NEP BK + e (2) KUP = 1 + 1 BK + 2 + 3 NEP KO + e (3)

Description:

OC = Organizational Commitment 1 = Constant QC = Quality Culture 1- 3 = regression coefficient NEP = Corporate Ethics Values e = error KUP = Intention to Leave

Descriptive analysis is intended to investigate the characteristics and responses of respondents to the question items in the questionnaire. In this study, 76 questionnaires were distributed to all employees in the production department of the PT Tiga Serangkai Pustaka Mandiri. From this amount, obtained by questionnaire returns with as many as 60 respondent or 79% participation rate. From the 60 questionnaires returned were not damaged.

Respondent Characteristics

- a. Gender of Respondents: 87% or 58 respondents male and 3% respondents was female.
- b. Age of Respondents: The respondents aged between 21 to 30 years as many as 30%; 31-40 as many as 25%; 41-50 as many as 38%; more than 50 as many as 7%.
- c. Working Period: Respondents who have a working period of between one to five years as many as 8%; 5-10 years as many as 40%; more than 10 years as many as 52%.
- d. Last Education Respondents: 17% or 10 respondents last level of elementary education; 21% are junior high school; 55% senior high school; 2% are D3 and 5% are S1.

Validity Test: This study used factor loading guidelines Under the guidelines, the researchers set a significant factor loading, which is more than equal to 0.50.

Reliability test: It can be concluded that all the variables of the study revealed reliable because it has the Cronbach's alpha > 0.60.

Hypothesis Testing

To test these hypotheses in this study used path analysis with the help of SPSS 11.5. In path analysis, there are 3 regression models:

- 1. The independent variable (Quality Culture) is regressed with mediating variable (Organizational Commitment),
- 2. The independent variable (Quality Culture) is regressed with the dependent variable (Intention to Move),
- 3. Independent variable (Quality Culture) and mediating variable (Organizational Commitment) is regressed with the dependent variable (Intention to Move), for more details can be seen in the following:

From the model 1, Quality Culture and Corporate Ethics Value has a significant value on the Intention to Move (p < 0.05). Adjusted R2 value of 0.280, meaning that 28% of the dependent variable (Organizational Commitment) can be explained by the independent variable (Quality Culture and Corporate Ethics Values). The rest 72% influenced by other variables is not included in this study.

Quality Culture and Corporate Ethics Values have a significant effect on the move (p <0.05). Adjusted R2 value of 0.244, meaning that 24.4% dependent variable (Intention to Move) can be explained by the independent variable (Quality Culture and Corporate Ethics Values). A percentage of 75,6% influenced by other variables not included in this study. Quality Culture, Corporate Ethics Values and Organizational Commitment are regressed with Intention to Move. Quality Culture and Corporate Ethics Values at the Intention to Move decreased but remained significant (p <0.05) and Organizational Commitment also have a significant effect on the Intention to Move (p < 0.05), but the influence of Organizational Commitment on Intention to Move is not significant (p> 0.05). Adjusted R2 value of 0.260 means that 26% of the dependent variable (Intention to Move) can be explained by independent variables (Quality Culture, and Organizational Commitment). The rest 74% influenced by other variables is not included in this study.

FINDINGS

Hypothesis 1

Quality culture positively influence on the organizational commitment in PT. Tiga Serangkai Pustaka Mandiri Surakarta.

Based on calculations in which the value quality culture of organizational commitment is significant at p < 0.05, it can be concluded that hypothesis 1 is supported.

Hypothesis 2

Quality culture negatively effect on the intention to move in the PT Tiga Serangkai Pustaka Mandiri Surakarta. This hypothesis aim is to examine whether the quality culture has negative influence in the intention to move. Based on the calculation model 2, where value quality culture of a intention to move significantly at p < 0.05, it can be concluded that hypothesis 2 is supported.

Hypothesis 3

Corporate ethics values positively influence organizational commitment in PT. Tiga Serangkai Pustaka Mandiri Surakarta.

This hypothesis aim is to examine whether the corporate ethics values have positive influence on organizational commitment. Based on the calculation model 1, where the value of the corporate ethics values of organizational commitment is significant at p < 0.05, then we can conclude that hypothesis 3 is supported.

Hypothesis 4

Corporate ethics values negatively effect on the intention to move in the PT Tiga Serangkai Pustaka Mandiri Surakarta.

This hypothesis aim is to examine whether the corporate ethics values have negative effect on the intention to move. Based on the calculation model 2, where the value of the corporate ethics values to the intention to move significantly at p < 0.05, it can be concluded that hypothesis 4 is supported.

Hypothesis 5

Organizational commitment mediate the effect between the quality culture with a intention to move.

This hypothesis aim is to examine whether organizational commitment mediates the effect of quality culture of a intention to move. Based on the calculation of values of quality culture on organizational commitment is significant at p < 0.05, value of organizational commitment on the intention to move is not significant at p < 0.05 and value of quality culture in the intention to move significantly at p < 0.05, it can be concluded that hypothesis 5 is not supported.

Hypothesis 6

Organizational commitment mediates the effect of corporate ethics values with the intention to move.

This hypothesis aim is to examine whether organizational commitment mediates the effect of corporate ethics values against the intention to move. Based on the calculation of the value of the corporate ethics values on organizational commitment is significant at p < 0.05, value of organizational commitment on the intention to move is not significant at p < 0.05 and value of corporate ethics values on the intention to move significantly at p < 0.05, it can be concluded that hypothesis 6 is supported.

DISCUSSION

From the calculation result in the analysis, it appears that the quality culture has a positive effect on the organizational commitment, performance, and job satisfaction, is supported. Similarly, the quality culture has a negative effect on the intention to move, is also supported. These results are consistent and support the studies that have been done by Elci et al. (2007). The results of this study indicate that a positive quality culture of corporate will increase the employee commitment, so it will has an impact on the job satisfaction and increase employee performance. A positive quality culture will also affecting the decrease in the employees intention to move. The results of the analysis showed that, the value of corporate ethics has a positive effect on the organizational commitment is supported. This supports the results of a study conducted by Hinot (1989) and Valentine (2002), and indicates that the value of a positive corporate ethics have an impact on employee commitment. It is also in line with study conducted by Elci (2007). The influence of corporate ethical values on performance and job satisfaction, is supported and in line with the studies conducted by Sims (1997) and Elias (2005). However the ethics of the company also has a negative effect on the intention to move, this result is also supported and in line with the results of studies that have been carried out by Sims (1997) and Elci (2007). It means that the value of a positive corporate ethics affecting the increase in employee commitment, job satisfaction, and performance, and also affecting the decrease in employee's intention to move.

The results of this study also showed that the organizational commitment mediates the effect of the the quality culture and ethical values of the company's in performance and employee satisfaction. These results are consistent with the study conducted by Elci (2007), which stated that by quality culture and positive corporate ethics, the performance and employee satisfaction will increase through organizational commitment. The organizational commitment does not mediate the quality culture and the value of corporate ethics influence on the intention to move. This indicates that increase in organizational commitment caused by a good value of corporate ethics in the eyes of employees, as well as a positive quality culture, does not affect employees intention to move from the company. The intention to move more directly influenced by the value of corporate ethics and quality culture, where there is a negative relationship.

CONCLUSION

- 1. Quality culture positively influences on employees' perceived organizational commitment. This indicates that the quality culture improvement leads to increase the organizational commitment.
- 2. Quality culture negatively effects on the perceived intention to move employees. This indicates that the quality culture improvement resulted in a decreased intention to move
- 3. Corporate ethics values positively affects employees' perceived organizational commitment. This indicates that the increase in the corporate ethics values lead to increase organizational commitment
- 4. Corporate ethics values negatively effect on the perceived intention to move for the employees.
- 5. Organizational commitment does not mediate the effect of quality culture in the intention to move.
- 6. Organizational commitment does not mediate the effect of corporate ethics values on the intention to move.

Implications

- 1. Suggestions for further research
- a. From the results of this study revealed that the association supported mediation, but for further

research can still be examine the mediating relationship is with its application to different samples.

- b. There are differences in the results regarding the influence of corporate ethics values on the intention to move. In this study, the corporate ethics values affect the intention to move, but in previous studies, the corporate ethics values has no effect on the intention to move. Therefore it needs further study.
- 2. Suggestions for PT. Tiga Serangkai Pustaka Mandiri Surakarta.
- a. Quality culture and corporate ethics values positively influence organizational commitment, and a negative influence on the intention to move. Therefore, companies should further improve the quality culture and corporate ethics values by providing adequate resources in an effort to improve the quality of, raw material shipment from suppliers more suit to the specifications of the company, companies often conduct quality training for employees, more concerned with ethics, and the management company will not allow the occurrence of unethical behavior
- b. The company should further improve employees 'organizational commitment by improving employees' sense of ownership of the company.

Limitation

Limitations of this study only the research subjects that are similar so it is difficult to generalize on the subject of a general nature. Future studies may develop different subject characteristics.

REFERENCES

- Aube, C., Rosseau, V., & Morin, Estelle, M, 2007. Perceived Organizational Support and Organizational Commitment : The Moderating Effect of Locus of Control and Work Autonomy. *Journal of Managerial Psychology*, Vol.22, No.5, 2007, pp. 479- 495
- Babin, B. J. & Boles, J. S. 1998. Employee behavior in a service environment: a model and test of potential differences between man and women, *Journal of Marketing*, 62, pp. 77-91.
- Davison, Louise & Al-Shaghana Kadim, 2007. The Link Between Six sigma and Quality Culture – An Empirical Study. *Total Quality Management*. Vol.18, No.3, 249 – 265, May 2007
- 4. Dessler, G. 1997. *Human Resource Management*. Seventh Edition. New Jersey : Prentice Hall, Inc
- Elci, M., Kitapci, H., & Erturk, A., 2007. Effects of Quality Culture and Corporate Ethical Value on Employee Work Attitudes and Job Performance in Turkey : An Integrative Approach. *Total Quality Management*. Vol.18, No. 3, 285-302, May 2007
- Elias, R. Z. 2005. The effect of corporate ethics values on accountants' perception of social responsibility, *Journal of Apllied Business Research*, 21(4), pp. 1-10.

The effect of quality culture and corporate ethics values on intention to leave and organizational commitment

- Gibson, James L, Ivancevich dan Donely. (2000). Organizations Behavior, Structure, Processes. Tenth Edition. The Mc. Graw-Hill Companies, Inc
- 8. Gordon, Judith R. (1996). *Organizational Behavior.* : *A Diagnostic Approach.* Fifth Edition. Prentice Hall, Inc.
- Hair, J.F., Anderson, R.E., R.L., Tatham, & W.C., Black. 1998. *Multivariate Data Analysis*. Upper Saddle River : Prentice Hall International Inc
- Hashmi, K. 2004. Introduction and Implementation of Total Quality Management (TQM), www.isisigma.com. September 2005
- Hunt, S., Wood, Van R and Chonko, Lawrence B (1989) Corporate ethics values and Organizational Commitment in Marketing. *Journal of Marketing*. 53, pp. 79–90.
- 12. Kottler, P. 2002. *Marketing Management*. 10th Edition. New Jersey : Prentice Hall, Inc
- Kritner, Robert & Kinicki, Angelo. (2000). Organizational Behavior. Fifth Edition. The Mc. Graw-Hill Companies, Inc
- Kujala, J and P. Ullrank.2004. Total Quality Management as A Cultural Phenomenon. www.asq.com.pp. 43-45. Oktober 2005
- 15. Luthan, Fred. 1998. Organizational Behavior. Eight Edition. New York : Mc Graw Hill.

- Mondy, R.W. & Noe, R.M. 2005. *Human Resource Management* Ninth Edition: International Edition. New Jersey : Pearson Prentice Hall.
- 17. Padhi, N. 2004. *The Eight Elements of TQM*. www.udlap.mx. September 2005
- Render, Barry and Jay Herizer, 2004. Operations Management. International Editon. New Jersey : Pearson Education Inc. Upper Saddle River
- Sekaran, Uma. (2006). Research Methode for Business : Metode Penelitian untuk Bisnis, Edisi 4. Jakarta : Salemba Empat
- 20. Simamora, Henry .1997. Manajemen Sumber Daya Manusia. Yogyakarta : BPFE UGM
- Sims, R. L. & Keon, T. L. 1997. Ethical work climate as a factor in the development of person-organization fit, *Journal of Business Ethics*, 16, pp. 1095-1105.
- 22. Valentine, S. et al. 2002. Ethical context, Organizational commitment, and Person-Organization Fit, *Journal of Business Ethics*, 41(4), pp. 349-361.
- Weeks, W. A. & Nantell, J. 1992. Corporate codes of ethics and sales force behavior: a case study, *Journal* of Business Ethics, 11, pp. 753-760.
- Wilkinson, A.; M. Marchington, J. Goodman and P. Ackers. 1992. Total Quality Management and Employee Involvement. *Human Resource Management Journal* 2(4):1-20.
- 25. Zikmund, William G., 2000, Business Research Method, 6th Edition, Orlando, Florida.