

**LEADER-MEMBER EXCHANGE (LMX), ORGANIZATIONAL JUSTICE (OJ),  
MENTORING AND ORGANIZATIONAL COMMITMENT (OC): THE  
MODERATING EFFECT OF SEX**

**by**

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## DEDICATION

I lovingly dedicate this work to my beloved parents,

Mr. Leow Eng Kooi and Mdm. Tan Poh Choo.

They are proud to finally have a “doctor” in the family.

This is dedicated, with admiration and respect, to my loving parents, who, at all times, supported and encouraged me in my life’s decisions. They have taught me that being successful is just as much about living with integrity, grace and a sense of optimism as it is giving your best at all times. Thank you for providing me with a homelife full of so much laughter, love, and support where I imagined that achieving any goals were possible. I am certain that any creative spirit or love of learning I have are directly linked to such extraordinary parents.

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**PERTUKARAN PEMIMPIN-AHLI (LMX), KEADILAN ORGANISASI (OJ),  
PEMENTORAN DAN KOMITMEN ORGANISASI (OC): KESAN  
PENYEDERHANAAN JANTINA**

**ABSTRAK**

Tujuan kajian ini adalah untuk: (a) menguji perhubungan pemimpin-ahli (LMX), pementoran dan keadilan organisasi terhadap komitmen organisasi; (b) menyiasat sama ada jantung menyederhanakan perhubungan di atas dan (c) menguji kesan bersaling tindakan LMX, pementoran dan keadilan organisasi terhadap komitmen organisasi. Secara khususnya, kajian ini menguji perhubungan antara empat dimensi LMX, iaitu: pengaruh, sumbangan, kehormatan professional dan ketaatan; dua dimensi pementoran, iaitu: psikososial dan kerjaya; dan tiga dimensi keadilan organisasi, iaitu: keadilan pengagihan, tatacara dan bersaling tindakan terhadap setiap jenis komitmen organisasi. Sembilan perhubungan dibentukkan sebagai hipotesis diuji dalam kajian lapangan yang melibatkan 266 juruodit yang berkhidmat dalam firma audit merentasi Malaysia, yang didaftarkan dengan Institut Akauntan Malaysia (MIA). Sejumlah 1100 soal selidik telah dikirimkan kepada firma-firma MIA yang terletak di Pulau Pinang, Selangor dan Wilayah Persekutuan. Dari sejumlah 318 borang soal selidik lengkap yang dikembalikan (29% kadar respon) dalam tempoh sebulan, hanya 266 sesuai digunakan (24.2% kadar sesuai diguna). Latar kajian ini ialah persekitaran kerja di firma-firma audit masing-masing dan penglibatan adalah secara sukarela. Unit analisis adalah juruodit individu yang melengkapkan soal selidik berkenaan. Pada keseluruhannya, keputusan daripada regresi berhierarki menyediakan sokongan sederhana untuk hipotesis-hipotesis yang diuji. Juruodit, tidak mengira jantung mengalami komitmen organisasi yang lebih tinggi dengan pengwujudan pementoran, LMX dan keadilan organisasi. Hasil kajian tentang kesan langsung menunjukkan bahawa kesemua pembolehubah tidak bersandar

mempunyai hubungan positif dengan komitmen afektif-normatif dan hanya sokongan separuh untuk komitmen berterusan. Pementoran psikososial, ketimbalbalikan dan sumbangan LMX serta keadilan pengagihan dan tatacara didapati mempunyai hubungan positif dengan komitmen afektif-normatif. Komitmen berterusan dapat diramalkan dengan signifikannya oleh sumbangan LMX dan dimensi tatacara keadilan organisasi. Keputusan kesan penyederhanaan menunjukkan bahawa jantung tidak merupakan penyederhana dalam kajian ini. Walau bagaimanapun, dalam sesetengah kesan penyederhanaan perhubungan jantung, ia didapati bahawa hanya dimensi bimbingan kerjaya pementoran dan sumbangan LMX mempunyai hubungan positif dengan komitmen organisasi. Bersabit dengan kesan bersaling tindakan, keputusan kajian ini hanya dapat memberi sokongan separuh untuk kedua-dua hipotesis komitmen afektif-normatif dan berterusan. Manakala, hipotesis antara kesan bersaling tindakan LMX dan keadilan organisasi terhadap komitmen berterusan ditolak. Secara keseluruhannya, hasil kajian ini menyediakan maklumat penting untuk rujukan juruodit dalam negara kita. Bagi organisasi yang ingin pekerja mereka menunjukkan peringkat komitmen yang tinggi, jabatan sumber manusia organisasi ini perlu memandang berat tentang pementoran, LMX dan keadilan organisasi apabila melaksanakan dasar-dasar sumber manusianya.

# **LEADER-MEMBER EXCHANGE (LMX), ORGANIZATIONAL JUSTICE (OJ), MENTORING AND ORGANIZATIONAL COMMITMENT (OC): THE MODERATING EFFECT OF SEX**

## **ABSTRACT**

The purpose of this study was to (a) examine the relationship of leader-member exchange (LMX), mentoring, and organizational justice on organizational commitment; (b) investigate whether sex moderates the above relationships and (c) test the interaction effects of LMX, mentoring, and organizational justice on organizational commitment. Specifically, the present study examines the relationship of four dimensions of LMX, namely- affect, contribution, professional respect, and loyalty; two dimensions of mentoring, namely- psychosocial and career; and three dimensions of organizational justice, namely - distributive, procedural, and interactional on each type of organizational commitment. Nine broadly hypothesized relationships were tested in a field study with a sample of 266 auditors serving in audit firms across Malaysia that are registered with the Malaysian Institute of Accountant (MIA). A total of 1100 questionnaires were posted out to MIA's firms located in the state of Penang, Selangor, and Wilayah Persekutuan. From the total of 318 completed questionnaires that were returned within a month (29% response rate), only 266 were usable (24.2% usable rate). The study setting was the work environment in the respective audit firms and participation was voluntary. The unit of analysis are the individual auditors who responded to the questionnaire. By and large, the results from hierarchical regression provided moderate support for the hypotheses. Auditors regardless of their sex experienced higher organizational commitment with the presence of mentoring, LMX and organizational justice. The findings on direct effects

revealed that all predictor variables have a positive relationship with affective-normative commitment and only partial support for continuance commitment. Psychosocial of mentoring, reciprocity and contribution of LMX and, distributive and procedural justice of organizational justice were found to be positively related to affective-normative commitment. Continuance commitment was significantly predicted by contribution of LMX and procedural dimension of organizational justice. Results of moderated effect showed that sex is not a moderator in the present study. However, in some of the moderated effect of sex relationship, it was found that only the dimensions of career guidance of mentoring and contribution of LMX to be positively related to organizational commitment. While for the interaction effects, results provided partial support for the hypotheses for both affective-normative and continuance commitment. However, the hypothesis between the interaction effect of LMX and organizational justice on continuance commitment was rejected. The findings of the research study collectively facilitate useful information for existing practitioners in the country. For organizations that desire its employees to manifest high levels of commitment, their respective human resource personnel must enhance the practice of mentoring, LMX and organizational justice when implementing human resource policies.

## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

In response to theory and research suggesting that mentoring, leader-member exchange (LMX), and organizational justice impact several organizational outcomes, this study was designed to examine the relationship of mentoring, LMX, and organizational justice as a critical predictor of organizational commitment among auditors as well as the moderating effects of sex on the outcome (organizational commitment).

Organizational commitment is an important issue in today's highly competitive business environment as business firms increasingly rely on their human capital (knowledge workforce) (Kleinman, Siegel, & Eckstein, 2001) to give them the sustainable competitive edge (Woolridge, 2000) by being able to respond, adapt or change accordingly to keep up with the rapid technological advancements, educational advancements, workforce diversity, organizational restructuring and new ways of doing business. Similarly, accounting firms in recent years are also experiencing the changing nature of practice (business) in terms of increased competition, client demands, insurance and litigation costs, as well as declining staff productivity caused primarily by higher training costs.

All these factors are forcing accounting firms to rethink the traditional model of firm staffing in general and to reconsider the issue of turnover in particular (Hooks, 1996). In view of higher training costs incurred for personnel, it is important for accounting firms to increase retention rates to save cost of training and replacement of personnel due to resignations. Studies of sponsorship and patronage in accounting firms suggest that sponsorship and patronage not

only increase retention rates but also increased productivity by facilitating the effective assimilation of firm organizational values and goals by cultivating leadership abilities (Dirsmith, Heian, & Covaleski, 1997; Kaplan, Keinath, & Walo, 2001). Whereas recent research focusing on mentoring relationships in public accounting firms suggests that mentoring is associated with lower turnover intentions (Scandura & Viator, 1994; Viator, 2000), LMX relationships are positively related to organizational commitment (Ansari, Daisy, & Aafaqi, 2001; Masterson, Lewis, Goldman, & Taylor, 2000), and Masterson et al., (2000) found that employee' perception towards justice were positively related to organizational commitment. This study, therefore proposes that the model of organizational commitment developed by Allen and Meyer (1990) can provide insight into how organizational commitment as a dependent variable is influenced by antecedent experiences such as mentoring, LMX and organizational justice, and be used in predicting the auditors' organizational commitment.

Mentoring, LMX, organizational justice and sex differences are some of the more popular bodies of literature that have attracted the attention of present and previous researchers in organizational behavior. A closer examination of published studies focused on investigating the impact of mentoring, LMX, organizational justice and sex differences on organizational commitment revealed that past researches had studied each independent variable individually. Hence, this has lead to suggestions to integrate these three variables in a study. For example, Dienesch and Liden (1986) suggested that LMX studies need to expand the domain of variables examined as part of the leader-subordinate interaction process and that augmenting the LMX approach with aspects of transformational leadership such as mentoring may be very beneficial. This benefit seems

particularly likely because high ratings (score) on LMX may not necessarily imply that a supervisor is committed to the long-term development of a subordinate (Graen & Scandura, 1987). Thus, adding mentoring to LMX will expand the boundaries of the leader-subordinate relationship considerably (Scandura & Schriesheim, 1994).

Furthermore, the study of fairness in mentoring relationships will become increasingly important as organizations move to more collaborative work (Kram & Hall, 1995). The authors (Kram & Hall, 1995) in supporting the work by Tyler and Caine (1981) whose study on organizational justice and LMX suggested that if managers do not pay attention to fairness, leadership cannot occur because followers will reject the leader's authority. Pillai, Scandura, and Ethlyn's, (1999) investigations of the relationship between leadership and justice in the United States of America (USA) suggest that leadership is linked to organizational justice and individual outcomes and they (Pillai et al., 1999) also noted that, to date, little is known about the link between leadership and justice in cultures other than the USA implying the need to study this relationship in other cultures too.

Although there is substantial evidence showing the high correlations between these variables, it cannot be taken at face value for it could mean that the omission of one of these variables may lead researchers to find significant relationships that would not otherwise exist if the omitted variables were included (Masterson et al., 2000). It is thus unfortunate that research has yet to examine the relevant variables on organizational commitment within one study and therefore, it is believed that the concurrent examination of mentoring, LMX and organizational justice is vital to knowledge of organizational commitment. It is hoped that by studying these variable simultaneously, the research can provide a

more insightful understanding on how the interplay of mentoring, LMX and organizational justice affect employees, in particular auditors' level of organizational commitment. Besides looking at the above integration, another objective of the present study is to look at the moderating effect of sex on the outcome.

Gender differences among accountants have been a topic of study since the dawn of the sexual revolution (Doty, Tomkiewicz & Bass, 2005). Prior to that, although many women worked in the accounting field, there was little interest in exploring this matter. However, since the late 1980s, over one half of all new graduates who earn accounting degrees are women. In spite of this, the retention rate to partnership among women remains low. This dearth of female partners in major accounting firms continues even in the face of increased societal attention to diversity issues (Doty, Tomkiewicz & Bass, 2005). Further to that, the study of sex as a moderator in the literature of organizational commitment still remains inconclusive. Aranya, Kushir, and Valency (1986) concluded that gender differences found in levels of organizational commitment may be ascribed to two possible causes namely organizational structure rather than internal personality attributions and the small number of women in a male-dominated sample. The authors suggested further research to include equal proportions of male and female accounting professionals to better determine if gender moderates level of organizational commitment. Concurrently, Cohen (1992) also had imperatively called for future research on antecedents of organizational commitment to shift from main effect analysis to moderating effects. A meta-analysis performed by Mathieu and Zajac (1990) indicated a possible link between sex and commitment. With the above reasoning, present research attempts to determine if sex does

moderate organizational commitment and to initiate studies using all three predictor variables with organizational commitment simultaneously as these domains have only been investigated separately in the past both in Western as well as Malaysian context.

In Malaysia, a number of studies on the predictors of organizational commitment using Malaysian subjects have been conducted by Farouk (2002), Ansari (1989), Ansari et al. (2001), Hai (1994), Lian (1998), Lee (2003), Nasurdin and Ramayah (2003), and Ramayah and Nasurdin (2003). Nevertheless, the focus of these studies was between the predictor variables (for instance organizational justice, organizational support, person-organizational fit, fairness of human resource management practices, LMX) and the criterion variable (organizational commitment). Additionally, the approach on organizational commitment constructs used in the study has been done in separate settings, for example, in the service environment (hospital) and the manufacturing environment (Ansari et al., 2001 and Lee, 2003). Present study will focus on the audit industry as not many researches have targeted this industry except for (Farouk, 2002) within Malaysian context, thus there is only a dearth of information on organizational commitment in this industry in spite of the urgent need for more data on how to improve staff retention (especially of hard to come by highly qualified auditors) to enable audit firms to evolve into learning organizations and to cope with new challenges faced by the industry such as rapid technological and intense competition as discussed earlier. Available research showed a significant turnover rate among auditors (Dillard & Ferris, 1979) as well as low commitment (Roberson, 1993).

Hence, one of the main objectives of this study is to integrate all the said predictor variables (mentoring, LMX and organizational justice) and examine their individual as well as their combined (interaction) impact on the criterion variable organizational commitment. The intended principal contribution of the current study to the organizational commitment literature is to ascertain the impact of predictor-criterion relationships on auditors in particular within the Malaysian context.

Brown (1996) describes commitment as both a state of positive obligation to an organization and a state of obligation developed as a by-product of past actions. Commitment has been keenly studied over the past few decades because of the link found between organizational commitment and several significant employee behaviors. For example, Colarelli and Bishop (1990), Price and Mueller (1981), and Mueller, Wallace, and Price (1992) found that organizations whose members have higher level of organizational commitment showed higher performance and productivity resulting in better organizational health. This is supported by Woolridge (2000) whose research led him to conclude that in today's work environment, employee commitment to the organization is essential for organizational survival. Woolridge (2000) further stated that in an economic environment, in which capital and the latest technology are widely available, one of the ways for an organization to sustain its competitive advantage is to build employee loyalty and commitment. Meanwhile, other studies on commitment as mentioned in the following paragraph have been dedicated to identifying the various antecedents and their consequences on organizational commitment (Mathieu & Zajac, 1990).

In recent years, there has been extensive research on mentoring (Donaldson, Ensher, & Vallone, 2000; Stallworth, 2003) and leader-member exchange (LMX) (Masterson et al., 2000) and their respective impact on organizational commitment. Extensive research has also been carried out in the study of organizational justice and its impact on organizational commitment (Chi & Lo, 2003). Though many studies have been done in these three areas, most are Western based studies and most literature are not integrated with each other. These gaps are followed by insufficient literature examining the role that sex acts as a moderator in studying the relationship of mentoring, LMX, and organizational justice with organizational commitment.

Thus, the present study is initiated in an attempt to bridge this gap in the study of organizational commitment by integrating the three bodies of literature of mentoring, LMX and organizational justice interactively together with sex as a moderator in the audit industry. Specifically, the present study examines the relationships of two dimensions of mentoring, namely -- psychosocial and career; four dimensions of LMX, namely -- affect, contribution, professional respect, and loyalty, and three dimensions of organizational justice, namely -- distributive, procedural, and interactional justice. The study of mentoring, LMX, and organizational justice as a predictor of organizational commitment is important, as Benkhoff (1997) asserted that commitment is an exciting research issue because ignoring commitment is costly. Lack of commitment in “human service” professionals, that is, those who help others to improve the quality of their lives (Cherniss, 1991) will lead to the loss of many skillful individuals from the organization whereby committed employees are characterized as loyal and productive members of the organization (Mowday, Porter, & Steers, 1982; Steers,

1977). As stated earlier, in today's highly competitive business environment, organizational survival and sustainable competitive advantage is dependent on committed employees (Woolridge, 2000).

## **1.2 Background of the Study**

Organizational commitment has been linked to absenteeism (Lee, Carswell, & Allen, 2000); turnover intention as well as actual turnover (Hardin, O'Bryan, & Reding; 2001); and organizational citizenship/ behavioural (Meyer, Allen, and Smith, 1993). As such, the concept of organizational commitment has grown in popularity in the literature of industrial/organizational psychology and organizational behavior over the past two decades (Chung, 2001). There is a growing body of evidence to illustrate that organizational commitment has a substantial impact on organizational performance and is a critical outcome variable regarding the organization's dynamics and processes especially in the information age arena. Organizational commitment correlates positively with job challenge, degree of autonomy, the variety of skills a member is required to display, and participation in decision-making. Commitment is also related to organizational culture, and feelings and values of personal importance to the organization (Mathieu & Zajac, 1990; Meyer, Allen, and Topolnytsky, 1998; Mowday et al., 1982).

This keen interest in organizational commitment is mainly due to the perception that organizational commitment is an important part of employee's psychosocial state whereby employees who experience high organizational commitment tend to engage in many positive behaviors, such as believe in the goals and values of the organization (Steinhaus & Perry, 1996) take pride organizational citizenship activities and generate higher levels of job performance

(Chung, 2001; Steinhaus & Perry, 1996 ) that directly benefits the organization's well-being. This important link between the organizational commitment of an organization's human capital and the organization's health is why the study of organizational commitment is receiving more attention and importance, especially now that organizations recognize the competitive advantage that can be gained through effective management of its human resources (Colbert & Kwon, 2000). Thus, present study is deemed to be timely as enhancing organizational commitment is important towards the success of the organization.

Retention of well-trained, high performing personnel is very important towards organizational survival and sustainable competitive advantage (Hitt, Ireland, & Hoskisson, 2005). Mathieu and Zajac (1990) found that organizational commitment is strongly related to the intention to leave one's job and to the intention to search for job alternatives. In addition, Mathieu, Bruvold, and Ritchey (2000) also found that, in today's turbulent economy, organizational commitment is a central construct in management, sales, marketing, psychology, and so forth. Employees with high organizational commitment no doubt will contribute to the success of the organization and committed individuals are easier to motivate and tend to perform better, both of which enhances organizational effectiveness.

Though much literature pertaining to organizational commitment can be found in past literature, however, it can be argued that these domains of inquiry have been investigated separately in prior studies. These related studies have mostly been developed independently using only one independent variable (mentoring, LMX, or organizational justice alone) in relation to organizational commitment (Masterson et al., 2000; Donaldson et al., 2000; Stallworth, 2003).

As all three variables can happen simultaneously in an organization and involve the same players, it would, in the researcher's opinion be quite meaningful to study their individual effects as well as their interaction effects.

Mentoring is not a new concept in organizational commitment. Without even being aware that it is happening, each and every employee of a given organization has been either a mentor or a protégé for he or she has either influenced or been influenced by a fellow staff in a positive or negative manner. Mentoring occurs when individuals with advanced experience and knowledge provide support and facilitate the upward mobility of junior organizational members (Allen, Russell, & Maetzke, 1997; Ragins & Scandura, 1997) and the mentoring relationships can be highly structured or self-directed over a short or long duration. Studies by Kram (1988), Allen, Russell, and Maetzke (1997) and Ragins and Scandura (1997) indicate that the effective cultivating and managing of mentoring relationships can result in significant benefits for both mentor and protégé as well as to their organizations, and more and more organizations are beginning to recognize the benefits accruing from such mentoring relationships.

Comparisons of mentored and non-mentored individuals by various researches have yielded consistent results as to the benefits of mentoring (both formal and informal). A benefit noted by Schein (1978) of mentoring was the effective socialization of young employees into the organization whilst Fagenson (1989) found that individuals with informal mentors reported greater career satisfaction compared to their non-mentored individuals. Other benefits enjoyed by mentored individuals were greater career commitment (Colarelli & Bishop, 1990), faster promotions and better compensation (Dreher & Ash, 1990), and career mobility (Scandura, 1992), enhanced productivity (Tyler, 1998), and job

satisfaction and organizational commitment (Bahniuk, Dobos, & Hill, 1990, Stallwoth, 2003). Informal protégés also reported more positive job attitudes than non-mentored individuals (Dreher & Ash, 1990; Koberg, Boss, Chappell, & Ringer, 1994; Mobley, Jaret, Marsh, & Lim, 1994; Scandura, 1997). In addition, Fine and Pullins's, (1998) study showed that a mentoring program is an effective professional development tool that can be used to increase motivation, satisfaction, and organizational commitment and decrease absenteeism and turnover which all translates into increased productivity and higher retention rate for the organization.

Literature review also indicates that LMX also impacts organizational commitment. The Leader-Member Exchange (LMX) theory describes how a leader and an individual subordinate develops an interpersonal relationship over time as the two parties influence each other and negotiate the subordinate's role in the organization (Dansereau, Graen, & Haga 1975; Graen & Cashman, 1975). The relationship is based on social exchange, whereby one must offer something the other party deems valuable and each party must see the exchange as reasonably fair (Graen & Scandura, 1987). The central premise of LMX theory is that within work units' supervisors develop different types of relationships with their subordinates. The qualities of these relationships determine the amount of physical or mental effort, material resources, information, and/or social support exchanged between the supervisor and subordinate (Liden, Sparrowe, & Wayne, 1997). In other words, it can be said that a high quality LMX relationship involves more exchange of effort, resources, and support between the two parties, whereas a low quality LMX relationship is characterized by minimal exchange of effort, resources, and support between the two parties. Researches on LMX have

always yielded a consistent finding in that a LMX relationship is positively related to job satisfaction and organizational commitment (Liden et al., 1997; Gerstner & Day, 1997). Recent studies by Ansari et al. (2001) and Masterson et al. (2000) also yielded the same consistent positive result between LMX and organizational commitment

Besides the studies of LMX and organizational commitment, studies of organizational justice as the predictor-criterion relationships in the commitment literature also have increased tremendously among social researchers over the last two decades especially amongst social scientists (Folger & Cropanzano, 1998; Greenberg, 1996). Accumulated evidence supports the notion that a person's perception of organizational justice affects his or her job attitudes towards the organization (Dailey & Kirk, 1992; Konovsky & Cropanzano, 1991; McFarlin & Sweeney, 1992) and extra-role behaviors (Farh, Earley, & Lin, 1997; Moorman, Blakely, & Niehoff, 1998). If the perception of organizational justice is positive, individuals tend to be more satisfied and committed to their job.

Besides higher inclination to continue serving, past studies also highlight other beneficial effects of mentoring, LMX and organizational justice on organizational commitment which were translated into more positive job attitudes such as increased job satisfaction, lower absenteeism and turnover intention (Wakabayashi & Graen, 1984; Seibert, 1999; Skarlicki, 2001). Similarly studies on sponsorship and patronage in accounting firms by Dirsmith et al. (1997) and Ketchand and Strawser (2001) suggested that mentoring relationships not only increased retention rates but also increased productivity through the effective assimilation of protégés into the firms' organizational values and goals and the development of their (protégés) leadership abilities.

As commitment is central to organizational life (Mowday, 2000), and the degree of commitment is highly dependent on mentoring relationships, LMX relationships and employees' perception of organizational justice, the present study is aimed at finding out whether the integration of these three independent variables together with sex (as a moderator) will have the same results as earlier researches that were based on each variable acting independently on the criterion variable.

### **1.3 Problem Statement**

The significance of turnover among auditors in accounting firms has been discussed in various studies (Dillard & Ferris, 1979). For instance, Harrell (1990) found that high employee turnover in accounting firms not only lead to the loss of valuable professionals (human capital) but also incur additional costs in recruitment and training of replacements as well as additional complications, and uncertainties in planning operations. Besides that, the accounting firms may also suffer degradation of their reputation and possible decline in clients' goodwill (Harrell, 1990). All these are critical success factors for all accounting firms; therefore, the ability to retain high quality professional auditors is very critical to organizational performance and success. The need to retain quality auditors is even more critical for when compared to services offered by other professionals such as programmers or pharmacists, auditors provide a unique service in that they are always required to serve the public users' interest (third parties) rather than their clients' interest as in the case of programmers or pharmacists (Rhode, Sorensen, & Lawler, 1977). Public users' interest is served through the trust placed in auditors to verify and authenticate the accuracy of companies' financial

reports, thus lending credibility to companies published financial statements (Roberson, 1993).

In view of the unique service provided by auditors (Rhode, Sorensen, & Lawler, 1977) and the contribution of staff retention towards organizational survival and sustainable competitive advantage (Hitt, Ireland, & Hoskisson, 2005), Kleinman, Siegel, and Eckstein (2001) suggested that audit companies need to foster organizational commitment to promote staff retention as well as to evolve into learning organizations. Thus, it is the intent of this study to investigate the extent of the relationship between LMX, mentoring, organizational justice and organizational commitment, and whether this relationship is moderated by sex?

Extensive review of literature showed that organizational commitment is very weak across industries (Kimbell & Stonestreet, 2000), and that the drastic drop in organizational commitment in the workforce is a direct result of the massive downsizing exercises carried out in the mid 1990s (Kimbell & Stonestreet, 2000) that eroded the trust of the workforce in the unspoken personal contract of job security in exchange for loyalty and commitment to the organization that has been in force since the economic boom before World War II. For instance, Inglehart's (1999) conceptualizations of social values give us another perspective on values. At one pole are the materialistic values that arise in response to a need for economic and physical security. The other pole is defined by post-materialistic values concerned with social and self-actualizing needs. These values include quality of life concerns such as life style issues, self-expression and environmental protection. During the period since World War II, advanced industrial societies have attained much higher real-income levels than ever before. Coupled with the emergence of the welfare state, this has brought

about a historically unprecedented situation: in these societies most of the populations no longer live in conditions of economic insecurity. This has led to a gradual shift in values in which needs for belonging, self-expression, nonmaterial quality of life and a participant role in society become more prominent. Prolonged periods of prosperity tend to encourage the spread of post-materialistic values and discourage the importance of economic and physical security. These changes in values should also leave traces on the work values and commitment of employees.

According to Andolsek and Stebe (2004) the changes in materialistic value orientation decreases affective commitment and increases continuance commitment; while individualistic value orientation increases affective commitment and continuance commitment; and post-materialistic value orientation increases affective commitment and decreases continuous commitment. Leonard (2000), in his study of workers from businesses, the non-profit sector and government employees found that only one in four employees was committed to the organization that employed him or her. This finding would mean that firms especially those with flatter organizational structure where highly-qualified committed employees are a critical key success factor will have a hard time achieving their goals or successfully compete against rival firms.

The needs and objectives of the auditors and audit firms are also expected to change as the country progresses economically and politically towards the new era of the twenty-first century. In line with this development, Meyer and Allen (1997) suggested there is the need now more than ever to study commitment, especially with organizational changes involving the reduction of management, the flattening of the organizational hierarchy, and the automation of processes and

services with the introduction of new technology. They commented that as new technologies are introduced, many of the 'simpler' tasks are being done by machines and computers leaving only the more complex tasks that require higher-levels of knowledge and skills for humans. As such organizations will need to expand substantial financial investment to train and equip their employees to handle these complex tasks, but once trained, staffs are more likely to leave as they are now highly "marketable" (Meyer & Allen, 1997). Hence knowing how to cultivate organizational commitment in well qualified employees is very important for sustainable organizational competitiveness contends Mowday et al. (1982), "highly committed employees are more desirous of remaining with the organization and working toward the organization's goals and hence be less likely to leave". Thus, there is a dire need to examine the relationships of mentoring, LMX and organizational justice on organizational commitment.

#### **1.4 Research Objectives**

The principle objective is to determine the relationship between mentoring, LMX, organization justice with the multi dimensions of organizational commitment. The research also aimed to understand the role of sex as a moderating variable because Cohen (1992) had imperatively called for future research on antecedents of organizational commitment to shift from main effect analysis to moderating effects. A meta-analysis performed by Mathieu and Zajac (1990) indicated a possible link between sex and commitment at the same time authors such as Van Vianen and Fisher (2002) also noted sex differences in masculine/feminine culture preferred and suggested that the extent to which employees prefer masculine values is related to their hierarchical level. Specifically, the objective of this study is three-fold and is set out to:

- (i) examine the relationship of LMX, mentoring, and organizational justice on organizational commitment;
- (ii) investigate whether sex moderates the above relationships; and
- (iii) test the interaction effects of LMX, mentoring, and organizational justice on organizational commitment.

Thus, this study endeavors to enhance the literature of LMX, mentoring, organizational justice, and organizational commitment together with sex serves as a moderator in the Malaysian context.

### **1.5 Research Questions:**

Given the above backdrop and in view of the above objectives, the questions that were addressed in this study are as follows:

- (i) Does LMX directly predict organizational commitment of auditors?
- (ii) Does mentoring directly predict organizational commitment of auditors?
- (iii) Does organizational justice directly predict organizational commitment of auditors?
- (iv) Does sex significantly moderate the relationship of LMX, mentoring, and organizational justice in predicting organizational commitment of auditors?
- (v) Do LMX, mentoring, and organizational justice interactively predict organizational commitment?

### **1.6 Significance of the Study**

The significance of the study can be seen from both theoretical and practical perspectives. From a theoretical perspective, this study provides an integration of three separate literatures namely LMX, mentoring, and organizational justice in examining their direct effects on organizational commitment as well as the moderating effect of sex. This means that, the

integration will facilitate the examination of the direct and moderating effects of LMX, mentoring, and organizational justice on organizational commitment. From the practical perspective, the study expects to find the three independent variables, LMX, mentoring, and organizational justice to be significant predictors of organizational commitment and the moderating effect of sex.

In addition, this study is expected to confirm findings of previous works of both the positive and negative consequences of LMX, mentoring, and organizational justice. Though organizational members are engaged in mentor-protégé roles, LMX roles and form opinions on organizational justice daily, often most are unaware that they are engaged in such roles and behaviors. As such, in spite of their importance and daily occurrence in the workplace, organizations are often still ignorant of the significant impact these variables have on organizational commitment. It is hoped that the results of this study will contribute towards a better understanding of LMX, mentoring, and organizational justice in Malaysian context, thereby enabling management to use the appropriate programs in their organizations.

This knowledge could contribute to a better relationship between mentor-protégé and leader-member. It is also important for mentors and leaders to know the importance of mentoring (whether formal or informal) and leader-member interactions in enhancing employees' commitment, and having the necessary information can help mentors and leaders maintain and enhance existing good relationships or improve on relationships that are less than satisfactory. The findings can also provide a guideline for designing the right programs to increase organizational commitment, for correctly matching mentor-protégé partners, and for promoting leader-member relationships, all of which if effectively

operationalized can directly improve organizational survival and competitiveness.

Researchers and practitioners are increasingly examining organizational commitment in greater details to advance studies in this field while simultaneously helping organizations improve their performance. Therefore, this study is timely and a necessary step in filling current research voids while providing additional information about LMX, mentoring, and organizational justice. The study also hopes to ascertain whether and to what extent LMX, mentoring, and organizational justice occur at the workplace.

It is expected this research to have a number of significant and practical implications both for scholars and practitioners, particularly in the domain of organizational behaviour and human resource management. The insights gained from the study will be beneficial to organizations. For instance, the study in identifying the factors that significantly contribute to successful and effective mentoring and LMX relationships as well as positive perceptions of organizational justice can enable organizations to design and initiate programs that are cost effective in nurturing the desired relationships to help enhance organizational commitment, increase retention rate and productivity. In organizations that already have LMX, mentoring, and organizational justice programs in place, comparing their programs against the study's findings will be enable them to identify the missing critical elements to their programs to further enhance in programs' outcomes.

### **1.7 Scope of the Study**

This research attempts to examine the contributions of mentoring, LMX, and organizational justice on organizational commitment and to achieve set objectives, data will be collected through questionnaires from respondents who

are auditors employed by accounting firms registered with the Malaysian Institute of Accountants in Malaysia.

As this study is on the significance of mentoring and LMX relationships as well as perception of organizational justice towards organizational commitment, the study's unit of analysis will be individuals (subordinates) whose answers to the questionnaires (Appendix A) will provide invaluable information to organizations on increasing organizational commitment.

### **1.8 Definition of Key Terms**

To empirically study the relationship between mentoring, LMX, and organizational justice on organizational commitment, the variables used and the concomitant of each dimension has been operationally defined. Definition for each definition is drawn from a synthesis of the various conceptual and operational definitions documented in the literature.

***Psychosocial.*** This is the amount of focus provided by mentor on interpersonal relationships building and assist protégés in improving relationships with others and feelings about themselves. (Dreher & Ash, 1990).

***Career.*** This related activity focuses on assisting protégés to improve their knowledge and skills needed to be successful in their chosen field by mentor (Dreher & Ash, 1990).

***Affect.*** It is the mutual interpersonal liking expressed by members of the dyad for each other based on interpersonal attractions (Liden & Maslyn, 1998).

***Contribution.*** This refers to the perception of the amount, direction, and quality of work-oriented activity each member puts forth towards the mutual goals of the dyad relationship (Liden & Maslyn, 1998).

**Loyalty.** It is the expression of public displays of support for leaders by members and vice-versa. (Liden & Maslyn, 1998).

**Professional respect.** This refers to the perception of degree to which each member of the dyad has built a reputation within or outside the organization (Liden & Maslyn, 1998).

**Distributive justice.** It is concerned with fairness of outcomes distribution and may be based on equity, equality, and/or need (Rahim, Magner, & Shapiro, 2000).

**Procedural justice.** It refers to the fairness perceptions of rules or procedures that regulate decision processes (Rahim, Magner, & Shapiro, 2000).

**Interactional justice.** It refers to the social sensitivity of the interpersonal treatment employees receive during the execution of a procedure (Rahim, Magner, & Shapiro, 2000).

**Affective commitment.** This is defined as strong emotional attachment because of the acceptance of its organizational values and, identification with its goal (Meyer & Allen, 1991).

**Normative commitment.** This refers to the obligations to stay on in the organization due to sense of loyalty, duty, or moral obligations (Meyer & Allen, 1991).

**Continuance commitment.** This refers to the identification and perceived value of employee investments to the firm, or the perceived costs associated with leaving the job (Meyer & Allen, 1991).

**Sex.** This refers to the biological classification of humans based on sexual differences. It can be categorized into either “male” or “female”. The two terms, “gender” and “sex” are used interchangeably in normal usage as well as in

scholarly writings (Dubrin, 1991) and the present study will also treat both terms interchangeable.

## **1.9 Summary and Organization of Remaining Chapters**

Chapter 1 introduces the background of the problem, explains the research problems, objectives to be achieved, research questions and significance of the study. Key terms have also been operationally defined. The remainder of this dissertation has been organized in the following manner:

Chapter 2 will focus on previous studies and their findings on mentoring, LMX and organizational justice related to organizational commitment. This chapter will also present the theoretical framework and formulation of the research hypotheses based on filling the gap from previous studies.

Chapter 3 outlines the research methodology that is to be used in this study. The sample, measures used, administration of the questionnaire and data analysis techniques are all discussed in this chapter.

Chapter 4 gives a detailed profile of the respondents and descriptive analysis of the response. Discussion on the findings of the study is also presented in this chapter.

Chapter 5 recapitulates the findings and discusses the results generated from the study. The chapter concludes by discussing the theoretical and managerial implications, conclusion and discussion on the limitations of the study. It will also include implications of the study and provide suggestions for future studies in this field.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Central to present study is the idea that the more significant relationships of mentoring, LMX, and organizational justice, the more likely auditors to be more committed to their organizations. The premise that a relationship exists between mentoring, LMX, organizational justice and organizational commitment is based on valid assumptions borne by findings from previous studies, and supported by theories, principles, and concepts. Currently, although there is no lack of researches done on each construct independently, these researches are however mostly Western based. The chapter also discusses on the theoretical framework and development of hypotheses for the present study.

#### 2.2 Organizational Commitment

Scholars have attempted many approaches to analyze the study of organizational commitment, and the most popular approach is to conceptualize organizational commitment as comprising of two distinct factors: attitudinal commitment and behavioral commitment (Bateman & Strasser, 1984; Mottaz, 1989, Mowday, et al., 1982; Mowday, Steers, & Porter, 1979). For the purpose of this study, the concept and importance of organizational commitment will be discussed first followed by the various views of organizational commitment. Summary of its many definitions that derived from various approaches to organizational commitment gleaned from literature will be elaborated together with a short write up on its evolution. Meyer and Allen's (1991) three-component approach that has been adopted will also be discussed. Review of literature will close with a discussion on related research about Organizational Commitment

Questionnaire (OCQ) and the antecedents and consequences of organizational commitment.

### ***2.2.1 The Concept and Importance of Organizational Commitment***

The study of organizational commitment has grown in popularity than the field of industrial/organization psychology and organizational behavior over the past two decades thus adding to the available literature on this topic (Chung, 2001). Chung's (2001) research supports Jaros' (1997) statement that recent years have witnessed dozens of studies on organizational commitment being published in major organizational behavior journals. The surge in interest was triggered by the idea that organizational commitment is an important part of an employee's psychosocial state and that employees who experience high organizational commitment are theorized to engage in many positive behaviors such as citizenship activities and higher job performance which ultimately benefits the organization (Chung, 2001). Literature revealed that research on organizational commitment have been focused on the psychological attachment of workers to their workplaces, the exploration of possible factors contributing to their attachment, and the consequences of the attachment (Allen & Meyer, 1990, 1993; Brown, 1996).

Steers (1977) proposed that the more committed the employee is to the organization, the more effort will he/she expend in performing work related tasks and current research interest in organizational commitment is rooted in this fundamental belief of a positive relationship between employees' commitment and their performance on the job (Aranya & Ferris, 1983; Becker, Randall & Riegel, 1995; Benkhoff, 1997, Meyer & Allen, 1997; Lee et al., 2000) and

intention to quit (Lee et al., 2000; Meyer & Allen, 1997; Mathieu & Zajac, 1990) or to search for alternative jobs (Mathieu & Zajac, 1990).

Over the years the topic of commitment has received attention as companies and organizations looked for ways to enhance employee contribution to organizational performance and productivity (Morrow & McEvoy, 1993; Steers & Porters, 1991). As employee commitment is positively related to intention to quit (Lee et al., 2000; Meyer & Allen, 1997), management researches reasoned that given the cost associated with worker training and replacement, much could be gained by understanding the strength of the association between the individual employee and his or her level of commitment to the organization (Angle & Perry, 1983; Mowday et al., 1982; Sheldon, 1971). Appropriate application of significant variables on improving employee commitment could enable organizations to reduce turnover rate thus saving on training and recruitment costs while increasing productivity at the same time.

Another way to increase productivity is to increase employee participation rate. Research by Katz and Kahn (1978) showed that committed employees displayed lesser withdrawal behaviors such as lateness and turnover on top of being more likely to engage in “extra-role” behaviors such as creativeness or innovativeness, which often keeps an organization competitive.

Colbert and Kwon (2000) found that organizations could increase their productivity as well as gain competitive advantage through effective human resources management to create motivated and committed workforce who are less likely to leave or search for alternative job (Mathieu & Zajac, 1990). Similarly, from their study, Mathieu et al. (2000) reached the conclusion that in today’s