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LOCUS OF CONTROL, SOCIALIZATION AND ORGANIZATIONAL IDENTIFICATION

This study investigates the factors that influence employees' organizational identification. Research focuses on the banking industry. Many factors can influence employees' organizational identification; however, this study examines how locus of control and organizational socialization affect employees' organizational identification. The research analyses the relationships between staff's locus of control, organizational socialization, and organizational identification. This is done so organizations can improve their personnel management, reduce negative impacts and increase employees' organizational identification. The findings of this study are: (1) locus of control influences organizational socialization; (2) locus of control influences organizational identification; (3) organizational socialization influences organizational identification; (4) organizational socialization has mediating effects on locus of control and organizational identification.

Keywords: locus of control, socialization, organizational identification, personnel.

Хун-Вень Лі

ЛОКУС КОНТРОЛЮ, СОЦІАЛІЗАЦІЯ Й ОРГАНІЗАЦІЙНА ІДЕНТИФІКАЦІЯ СПІВРОБІТНИКІВ

У статті вивчаються фактори, які впливають на організаційну ідентифікацію співробітників. Дослідження проведено на даних банківської галузі Тайваню. З багатьох факторів, що впливають на організаційну ідентифікацію співробітників, розглянуто локус контролю та організаційну соціалізацію персоналу. Результати дослідження допоможуть покращити управління персоналом, знизити негативні впливи і підвищити рівень організаційної ідентифікації співробітників. Результати цього дослідження показують, що 1) локус контролю впливає на організаційну соціалізацію; 2) локус контролю впливає на організаційну ідентифікацію; 3) соціалізація впливає на організаційну ідентифікацію; 4) соціалізація має посередницький вплив на локус контролю та організаційну ідентифікацію.

Ключові слова: локус контролю, соціалізація, організаційна ідентифікація, персонал.

Рис. 1. Літ. 28.

Хун-Вень Лі

ЛОКУС КОНТРОЛЯ, СОЦИАЛИЗАЦИЯ И ОРГАНИЗАЦИОННАЯ ИДЕНТИФИКАЦИЯ СОТРУДНИКОВ

В статье изучаются факторы, влияющие на организационную идентификацию сотрудников. Исследование проведено на данных банковской отрасли Тайваня. Из множества факторов, влияющих на организационную идентификацию сотрудников, рассмотрены локус контроля и организационная социализация персонала. Результаты исследования помогут улучшить управление персоналом, снизить негативные воздействия и повысить уровень организационной идентификации сотрудников. Результаты этого исследования показывают, что 1) локус контроля влияет на организационную социализацию; 2) локус контроля влияет на организационную идентификацию; 3) социализация влияет на организационную идентификацию; 4) социализация имеет посредническое влияние на локус контроля и организационную идентификацию.

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Ключевые слова: локус контролю, соціалізація, організаційна ідентифікація, персонал.

Introduction. For an organization, employees' interaction is very important in organizational management. Social interactions with other employees described the organizational socialization (Kato, 2010). For example, employees face a socialization challenge when joining a new organization. This interaction not only affects organizational climate but also the performance of organization. A concept considered in studying the interaction is locus of control. The concept was developed by Julian Rotter in 1954, and has since become an aspect of personality studies. "A locus of control orientation is a belief about whether the outcomes of our actions are contingent on what we do or on the events outside our personal control" (Zimbardo, 1985, p. 275).

Lee (2010) stated that human resource management should organize integration into organization. One organizing matter is to reduce new employee's fear and uncertainty. Kato (2010) stated that successful organizational socialization will increase employees' emotional commitment and identification with organization. This is regardless of original background and personality. In other words, research supports increasing organizational socialization helping organization' growth and stability. Therefore, effective organization socialization is important in HR management.

To pursue matters affecting effective organization socialization, this study explores how locus of control and socialization affect employees' organizational identification.

Literature review.

Locus of Control. Locus of control is a psychological theory about personality. A person's "locus" is conceptualized as either internal or external (Rotter, 1966). An implication is that a researcher can divide individuals into having internal locus of control and external locus of control as a part of measuring employee's personality traits. Kormanik and Rocco (2009) clarified the concept of locus of control as the difference in the way people perceive rewards and punishments. In the social learning theory, Rotter (1966) divided individuals into having internal locus and having external locus based on their beliefs and daily behaviors. People classified as having internal locus of control always believe that success is due to them interacting with people. Alternatively, people classified as having external locus of control believe that success arises from taking an opportunity, fate, and other influences of external environment. The ideas suggest the value of investigating employees influences based on the locus of control scales. Buttgen, Schumann & Atus' (2012) research on service providers indicated locus of control influence organizational behavior, performance, and socialization activities.

H1: Locus of control positively influences organizational socialization.

As an equation, $LOC = C_{1,0} + C_{1,1} OS$, where $C_{1,1} > 0$.

Organizational Socialization. Organizational socialization refers to the mechanism through which new employees acquire necessary knowledge, skills, responsibility, and behaviors to obtain insiders' support and become effective organizational members. Taormina (1994) used 4 factors to measure employees' organizational socialization. The 4 factors are "training", "understanding", "coworker support", and

"future prospects". Related to this, Taormina (1994) proposed the OSI model and demonstrated its feasibility in 2004. His studies indicated that organizational socialization should involve a long-lasting and continuous procedure. His key finding was that successful socialization will help an organization build stronger organizational commitment and better organizational performance (Syatat, 2006). Wu (2009) also explored the impact of locus of control tendency on the degree of organizational socialization finding a positive influence.

H2: Locus of control positively influences organizational identification.

As an equation, $LOC = C_{2,0} + C_{2,1} OS$, where $C_{2,1} > 0$.

Organizational Identification. Identification has a long history. Foote (1951) was the first researcher to use the term "identification" in the organizational context. Foote brought up identification is a basis for motivation. Organizational identification involves considering the individual as a member of an organization and is measured by willingness to act on behalf of organization. Tajfel's (1972, 1974) social identity theory (SIT) was a seminal work. Cheney and Tompkins (1987) clarified the application of these concepts in SIT relating to organizations. Bullis & Bach (1989) identified a gap between theory and research of organizational socialization and organizational identification. Mael & Asforth (1992) involved SIT being applied to organizational research field. Of particular relevance to this research, Edwards and Peccei (2007) developed an organizational identification questionnaire. Their questionnaire addresses the areas of a) self-categorization and labeling; b) values and goals; and c) belongingness and membership.

H3: Organizational socialization positively influences organizational identification.

An equation for this is $OS = C_{3,0} + C_{3,1} OI$, where $C_{3,1} > 0$.

Research model and method. To address the purposes of this study and given the literature review, the researcher purposes the structure shown in Figure 1. The structure is consistent with Equations 1 to 3. However, in the figure one sees H4 associated with a "dotted" arrow through organizational socialization. H4 below is based on Tolman's (1932, 1935, 1938) examination of mediation. Mediation refers to an immanent determinant that is an intervening variable.

This variable must be estimated with appropriate results to support mediation occurring.

H4: Organizational socialization has a mediating effect on locus of control and organizational identification.

Mediation is defined in the literature. Baron and Kenny (1986), Judd and Kenny (1981), and Frazier, Tix, & Barron (2004) discussed 4 steps in establishing mediation. "The following conditions must hold: the independent variable must affect the mediator in the first equation; second, the independent variable must be shown to affect the dependent variable in the second equation; and third, the mediator must affect the dependent variable in the third equation. If these conditions all hold in the predicted direction, then the effect of the independent variable on dependent variable must be less in the third equation than in the second. Perfect mediation holds if the independent variable has no effect when the mediator is controlled" (Baron and Kenny, 1986). For H4 to be established, the conditions listed must apply.

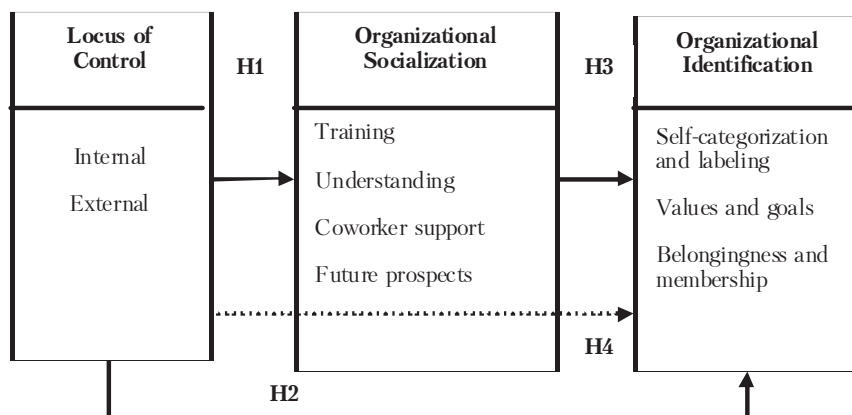


Figure 1. Research Structure

Measuring Instruments.

Information on scale items is given in (1) (2) and (3) below.

(1) *Locus of control.* In this research, Rotter's (1966) "internal locus of control" and "external locus of control" are adopted and modified to measure locus of control.

(2) *Organizational socialization.* To measure organizational socialization, Taormina's (1994, 2004) 4 aspects of "training", "understanding", "coworker support", and "future prospects" were adopted and modified for use in this study.

(3) *Organizational Identification.* 3 aspects of organizational identification of "self-categorization and labeling", "values and goals", and "belongingness and membership" proposed by Edwards and Peccei (2007) were adopted and modified in this study to measure organizational identification.

Data collection. Questionnaire research was the approach adopted to obtain information for analysis. As suggested above, the questions were obtained basing on the existing literature. When the questions had been compiled and tested for being understandable in Chinese, the questionnaires were distributed to quasi-randomly selected people working in the banking industry in Taiwan. Of 300 questionnaires distributed, 121 questionnaires were returned, of which 19 were not usable. In other words, 102 usable questionnaires were obtained yielding the 34% valid response rate.

Analysis and results.

Reliability. Reliability analysis of the results was by Cronbach's α for 3 scales used. This research does not investigate how, for example, locus of control components affect something but rather is concerned with locus of control overall. α overall for locus of control scale is .813 justifying (e.g., based on Nunnally (1978) criterion of exceeding .7) the locus of control scale. The overall organizational socialization scale has the α of .762, so the organizational socialization scale is acceptable. Finally, the overall organizational identification scale's α is .728 showing the organizational identification scale is also acceptable.

Regression analysis. This research uses the regression analysis to verify the acceptability of the hypotheses. Estimation shows that locus of control has positive influence on organizational socialization. The regression analysis shows significance ($p < 0.05$) and yields an adjusted R^2 of 0.361. In other words, about 36% of variance

in organizational socialization is explained by locus of control. This establishes that locus of control has significant/positive influence on organization socialization ($\beta = 0.397$, $p < 0.05$). The result means H1 receives support. As for H2 the estimation allows accepting that locus of control has positive influence on organization identification.

The regression analysis is significant ($p < 0.05$) with the adjusted R^2 of 0.274. So, one finds that variation in organizational identification is about 27% explained by locus of control. Specifically, locus of control has significant positive influence on organizational identification ($\beta = 0.361$, $p < 0.05$). H3 is also accepted. The regression analysis shows the estimation is significant ($p < 0.05$). In this case the adjusted R^2 is 0.227. The R^2 value shows that about 22% of variation in organizational identification is explainable by organizational socialization ($\beta = 0.268$, $p < 0.05$). These results allow concluding that H3 can be accepted.

To address H4, we consider the regression results. While locus of control and organizational socialization both are set as independent variables, organizational identification is the dependent variable. $\beta = 0.106$ ($p > 0.05$) is smaller and not significant than that of the analysis between locus of control and organizational identification ($\beta = 0.361$). Based on the results, organizational socialization has a "perfect mediating" effect between locus of control and organizational identification. In other words, H4 can be accepted.

Conclusion and suggestions.

Conclusion. Locus of control has positive influence on organizational socialization. The regression analysis shows significant positive influence on organization socialization. Given H1 is accepted, the relationship between locus of control and organizational socialization shown exists. In other words, organizational socialization can, to some degree, be explained by locus of control. The R^2 value of 0.361 is large enough to show that if cost effective action can be taken to influence the relation, this should be pursued. In a similar vein, the research also verifies the importance of selecting individuals by specific personality characteristics to organizational socialization. The regression analysis showing significant positive influence on organizational identification may raise issues of how it is appropriate to use personality characteristics. Ignoring the matter is not consistent with the findings.

Given that the research establishes that organizational identification (H3) is to some degree explained by organizational socialization, this needs to be considered in HR planning. Furthermore, locus of control has a positive influence on organization identification. This research approves the empirical evidence not only from organization's perspective but also from individual's. Therefore, organizational identification can be influenced by influencing locus of control in these interactions effects via socialization. Organizational socialization has mediating effect in this research structure.

Suggestions. This research has significant implications for management. The results reveal that locus of control and socialization are both influencing factors of employees' organizational identification. Nevertheless, locus of control, organizational socialization and organizational identification strongly relate to each other. Therefore, when organizations consider their organizational identification to be valu-

able and important, should also pay attention to locus of control and socialization. In order to increase organizational identification of employees, management needs to lead them to appropriate locus of control. Basing on this research, a socialization program should be developed to increase interaction opportunities for employees to enhance organization identification. Socialization should address opportunities to employees for interaction and cooperation. As appropriate, employees should be shown the value and importance of team work. Holding social functions for employees may facilitate social interaction.

Limitations. This research has limitations. The research was only based on the data from Taiwan banking personnel and the sample was rather small. Hopefully, research on other sectors would confirm the findings, so statements given can be taken as general in the future. Frankly, the author sees no reason that the results are unique to banking or for Taiwan. As for the sample size, the results were significant. However, further research to see if coefficients have similar values and R^2 values are similar is needed.

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