


# *Locus of Control and Organizational Silence; A Practical Research on Employees' in Islamic Azad University of Iran*

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## ABSTRACT

Human Resource Development (HRD) at work is now a prominent and central of Human Resource Management (HRM). This course is designed to provide a complete, integrated introduction to the process, practices and perspectives of the important area of people management. The process of HRD at work is an interparty of the overall performance management of organizations. Selected, repressive and prominent practices in HRD at work are explored, using case studies to illustrate what this process involves in practice. Finally, contemporary perspectives that should illuminate concerns, concepts, arguments and evidence are explore course is thus an 'all in one' view of processes, practices and perspectives. There are powerful forces in many organizations that cause widespread withholding of information about potential problems or issues by employees named as organizational silence. The base of our model factors are from Morrison & Milliken. They know organizational silence as a "collective" phenomenon and these factors have been organized under levels of analysis (1) Top management team characteristics, (2) Organizational and environmental characteristics, (3) Affecting employee interaction, (4) Managerial belief, (5) Organizational structures and policies, (6) Managements' fear of negative feedback and (7) Demographic dissimilarity.

## 1- Introduction

Efficiency in all organizations depend greatly on proper use of human resources. The more the companies and organizations expand, the more problems they face on their human resource management. Organizations constantly control their employees however some managers believe that employees' satisfaction could be obtained through remuneration and rewards. They believe that employees are their

subordinates and have to obey tem thus in the world in which economic pressures are excessive, money could solve their problems and encourage their employees.

Imagine an organization where the CEO has no clothes. The CEO's lack of clothes is apparent to all who set eyes upon him or her. Yet employees never mention this. Some employees even compliment and praise the CEO's attire. The CEO takes pride and comfort in the fact



that subordinates recognize his or her fine taste in clothing and easily dismisses those few trouble makers who look at him or her strangely or who dare to suggest that the CEO's taste in clothing is anything less than impeccable. Yet, behold, these employees are not blind. Behind the safety of closed doors and in veiled whispers, they talk of their leader's lack of clothing. They all clearly know that the CEO is naked, but only the foolish or naive dare to speak of it in public.

As we will highlight, organizational silence is a potentially dangerous impediment to organizational change and development and is likely to pose a significant obstacle to the development of truly pluralistic organizations. A pluralistic organization can be defined as one that values and reflects differences among employees and that allows for the expression of multiple perspectives and opinions (Harquail & Cox, 1993). Clearly, if people within an organization feel that they cannot openly express their points of view on critical issues, then such pluralism cannot be attained. Employees may be diverse in terms of their values, beliefs, priorities, and experiences, but because expressed points of view remain largely monolithic, the organization will not be able to benefit from this diversity. Thus, we argue that in order to understand how change and development might unfold within pluralistic settings, we need to understand the organizational forces that often systematically cause employees to feel their opinions are not valued and that thereby discourage them from speaking up. It is our belief that only by tracing and understanding the causes of organizational silence can we begin to build an accurate and comprehensive understanding of the barriers to pluralism in organizations.

### ***1-1- Research hypotheses***

- There is a relationship between locus of control and organizational silence in Islamic Azad University, locale 13.
- There is a relationship between internal locus of control and organizational silence in Islamic Azad University, locale 13.
- There is a significant relationship between external locus of control and organizational silence in Islamic Azad University, locale 13.
- There is a relationship between level of education of employees and organizational silence in Islamic Azad Universities, locale 13.
- There is a relationship between locus of control and organizational silence in Islamic Azad Universities, locale 13.

### ***1-2- Limitations of the Study***

- The role and effect of gender has to be investigated further in this field.
- Other questionnaires could be used.
- The time and place of the test was not controlled by the researcher.

### ***2- Methodology***

This study is a correlation study from the point of view of methodology and an applied research from the point of view of purpose. This study is a descriptive accounting research. Furthermore, due to use of historical information to test the hypotheses, it is categorized among quasi-experimental studies as well. Epistemologically, the study is empirical and utilizes inductive argument system. Finally, the study is a field-library research using historical information and post-hoc method. The statistical population of the study is the companies enlisted in Tehran Stock Exchange. The data collected for the study are sectional or combined and the research hypotheses have been tested via data for 112 Firms in the years between 2009- 2015

with imposing some limitations.

$$MV_{jt} = a_0 + a_1 BV_{jt} + a_2 E_{jt} + e_{jt}$$

### 3- Findings

Results for all three models are represented in table 2. According to this table, Durbin–Watson statistic is in the 5.1 to 5.2 range which shows the errors are independent from each other. In model 1, book value relevance and accounting profit are investigated. Coefficient of determination of this model is 0.244 which shows 24.4% of changes in dependent variable are clarified by independent variables. Besides, in this model, the book value and profitability variables are significant in error level 1 and 5% respectively.

In model 2, the effect of corporate governance mechanisms on value relevance of accounting information is probed without controlling specific features of the firm. The coefficient of determination of model 2 is 0.281 which means 28.1% of changes of dependent variable are clarified by independent variables. Furthermore, in this model, variables  $INSOWN * Earnings$  and  $Board Independence * BV_t$  and the variable  $INSOWN * BV_t$  are significant in the error levels 1 and 5% respectively. Therefore, without controlling specific features of a firm, institutional stockholders influence value relevance of accounting information and book value of stock. Board independence, on the other hand, affects book value relevance of stock. Thus, results from model 2 demonstrates that without controlling specific features of a firm, two corporate governance mechanisms of institutional stockholders and board independent significantly affect value relevance of accounting information.

As it was discussed earlier, the effect of corporate governance mechanisms on value relevance of accounting information could be affected by specific features of a firm. Therefore, it is tested using model 3. Like findings from previous models, results from model 3 confirm assumptions of classic regression. Moreover, 0.339% of changes in stock market value is clarified by independent variables. This shows that as specific features of a firm are interfered, the level of clarification of shares increases from 0.244 and 0.281 to 0.339. besides, in model 3, variables  $Board Independence * Earning$  and  $Board Independence * BV_t$  along with variables  $INSOWN * BV_t$  and  $OWN Conctionentra * Earnings$  are significant in error levels 1 and 10% respectively. Thus, as specific features of a company are put into model 3, the significant effect of institutional stockholders on accounting profit relevance and book value of stock, the significant effect of board independence on book value of stock and the significant effect of board independence on accounting profit are also revealed. In other words, the effect of specific features of a firm influences the interaction between board independence and value relevance of accounting profit. Therefore, it could be said that the impact specific features of a firm have fail to influence the interaction between other mechanisms of corporate governance and value relevance of accounting information. Furthermore, results from model 3 demonstrate that variables of  $Board Independence * Earning_t$ ,  $Board Independence * BV_t$ ,  $INSOWN * BV_t$  and  $OWN Conctionentra * Earning_t$  are significant with control over specific features of a firm. To put it another way, the effect of corporate governance mechanisms on value relevance of accounting information is more than specific features of a firm.

Table 1: Descriptive Statistics of all Variables for all (896) Firm Years

Variable	Mean	Median	Std. Dev	Maximum	Minimum
<b>Panel A: Value Relevance of Accounting Information</b>					
MV(Log)	3.542	3.510	0.337	4.260	2.980
Book Value(Log)	3.299	3.290	0.194	3.750	2.860
Earnings(Log)	7.102	5.000	7.166	28.000	-2.000
<b>Panel B: Corporate Governance</b>					
Insown (%)	0.734	0.790	0.206	0.980	0.054
Board Independence(%)	0.249	0.214	0.148	0.900	0.262
Own Conctionentra (%)	0.332	0.310	0.193	0.900	0.044
Transparency FI	56.907	36.000	24.820	99.000	-28.000
<b>Panel C: specific features</b>					
Profitable(%)	0.240	0.093	0.437	0.330	-0.074
Size(Log)	5.979	5.913	0.615	8.048	4.380
Growth	0.405	0.000	0.491	1.000	0.000
Lose	0.070	0.000	0.270	1.000	0.000
Political Frim	0.244	0.000	0.430	1.000	0.000

#### 4- Conclusion

A new role for health care leaders and managers is envisioned. It is one that places a high value on understanding system complexity and does not take comfort in organizational silence or in simple explanations. It focuses on the interdependencies and not just the components. It values dissent and multiple perspectives as signs of organizational health, and questions agreement, consensus and unity when they are too readily achieved. It is a role that is sensitive to the hidden pitfalls of the availability heuristic, self-serving bias, and the status quo. It understands the impact of social factors on group behavior and the potentially harmful consequences of conformity, diffusion of responsibility, and microclimates of distrust. It does not allow prevailing beliefs to go unchallenged, it thinks differently about what it means to be a good provider, and it is mindful of the frequently neglected interdependencies of care. In this new role, leaders recognize that superb technical knowledge and dedication of front-line providers is no match for the toll that

flawed and poorly performing interdependent systems of care can take. In brief, leaders must demonstrate a willingness to understand the complexity of the socio technical systems of which they are a part and be prepared to break the silence. The silence of organization cases low satisfaction, turnover and is harmful both to employees and organization. It suggested that the communication is the key to an organization's success, participative management, proposed system and eventually prepare a safe and secure climate to receive the employee's idea and suggestions.

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