

MEDIATING EFFECT OF ETHICS ON THE RELATIONSHIP BETWEEN ASPECTS OF HUMAN RESOURCE MANAGEMENT PRACTICES AND PERFORMANCE OF BASIC EDUCATION BOARD IN NIGERIA

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ABSTRACT

Past studies endorsed that quite a several factors have been considered as the influencing factors of performance in an organization. These are commitment, personality, emotional intelligence, organizational support, leadership, and organizational citizenship behavior. While some studies considered investigating the influence of human resource management practices on organizational performance in contexts such as America, Asia and Europe, very little attention has been given to sub-Saharan African countries like Nigeria. Thus, this manuscript attempted to investigate the impact of the compensation system, training and development on organizational performance through mediation effect of ethical climate using quantitative analysis. To examine the relationships, a survey was conducted using 181 respondents from Nigerian educational sector administration (ministries, parastatals, agencies and boards). The data was analyzed, and hypotheses were tested using Smart PLS SEM 3.2.6. The study found that ethical climate fully mediates the relationship between the compensation system, training & development and organizational performance. Therefore, this research recommended a sincere need to implement a better compensation system and offer adequate training and development by the management in the educational sector to employees, which will ensure their superior performance as well as organizational performance, more specifically in Nigeria's educational sector administration.

Keywords: Organizational performance, compensation system, training and development, ethical climate, PLS-SEM.

INTRODUCTION

The performance of organizations is creating a vast volume of discussion among researchers, practitioners, educators, and policymakers. Improving performance has been a significant issue in public administration research, management and policy (Al-Dhaafri *et al.*, 2016). Globally, governments are searching for ways to improve their performance regarding program outcomes, citizen participation, use of public resources, strengthening integrity, citizens' satisfaction, transparency, preventing corruption, and enhancing accountability (Armstrong, 2005). In achieving the organizational goals and objectives, regular activities need to be strategized to monitor the progress toward the goals and continue making adjustments to achieve more efficient and effective goals (Burtonshaw-Gunn & Salameh, 2009). In General, every government considers looking for how to enhance its OP as well as sectors performance in ensuring integrity, transparency, citizen satisfaction, program outcomes, citizen participation, enhancing accountability, utilization of public resources, as well as fighting against bribery and corruption (Ashour, 2004). Because many factors shape the public sector of different countries, they share common challenges. For instance, lack of attaining performance makes public sector organizations more rigorous than it is in private organizations. In this regard, the inability of public sector organizations to perform and compete with the global world allows researchers to investigate why public organizations are not performing more, particularly in educational sector administration. (Osborne, Radnor, and Nasi 2013). Even though educational sector administration can serve as the mechanism for formulating and implementing educational system policies and programmes, it is still facing external and internal challenges.

However, in Nigeria, performance in educational sector administration is unbelievable, in which the sector performance became very unfortunate considering other countries performance from a similar region, for instance, Algeria, Egypt, S/Africa are all ahead of Nigeria in terms of performance and satisfaction with the quality of education in their respective nations (WorldBank., 2010). Nigeria serves as the most populous country in the continent and the third country in terms of economic growth behind S/Africa and Egypt, respectively (WorldBank., 2010), even though education is the back born of any country's economy (Aluede, Idogho, & Imonikhe, 2012; WorldBank, 2013;



WorldBank., 2010), however, in Nigeria, performance in educational sector administration is very unfortunate, hence, there is need for more investigation

Despite the importance of the educational sector as machinery for formulating and implementing educational system policies and programmes in Nigeria, this sector's performance is still low. However, Fajana, Owoyemi, Elegbede and Gbajumo-Sheriff (2011) stated that human resource practices need to be given attention in Nigerian PESA to address the issue of poor performance, encourage the internal workforce to discharge all necessary tasks and overcome the unfortunate HRM underutilization. In a related manner, Obioma (2015) and Onah (2012) emphasized that the HRM system is an essential aspect of Nigerian PESA, which requires more attention in the system to improve performance. The literature highlighted that resources create organizational value in shaping efficient performance (Chen, 2012; Hao & Song, 2016; Jardon & Gonzalez-loureiro, 2013). However, focusing only on the control of resources does not mean that organization will attain performance as the resources do not offer performance without the capability of the organization to transform those resources base on the anticipated outcome (Andersén, 2011; Huang, Wu, & Rahman, 2012). Organizations do not vary based on their resources but on their ability to properly utilize them (Andersén, 2011; Hunt, 2011; Richey, Musgrove, Gillison, & Gabler, 2014). The resource-based view of an organization suggests that the allocation and effective utilization of resources is the key to transforming the short-run competitive advantage of the organization into sustainable performance improvement (Barney, 1991; Huang et al., 2012). The vital role in utilizing employee abilities, skills, knowledge and capabilities to gain superior performance remains a fundamental objective of HRM practices (App, Merk, & Büttgen, 2012). HRM practices are intended to improve employees' abilities and effort, eventually leading to improve OP (Datta, Guthrie, & Wright, 2005; Wall & Wood, 2005; Way, 2002), when employees view HRM practices as reliable, reasonable, determined and supportive they reciprocate with a more significant commitment to the application of their responsibilities and in return improve OP (Lu, Chen, Huang, & Chien, 2015). Similarly, HRM practices have been reported to stimulate positive behavior and attitude from employees in order to realize organizational goals as well as success (Chuang & Liao, 2010). In a nutshell, effective utilization of HRM practices has improved OP (Camps & Luna-Arocas, 2012; Ko & Smith-Walter, 2013).

As an essential asset of any organization, human resources can contribute to its success, growth and performance improvement (Danish & Usman, 2010). Also, human resources can be vital for organizational achievement when adequately managed (Gostautaitė, 2014). In a related development, Appelbaum, Bailey, Berg, Kalleberg, and Cornell (2000) argued that the source of organization and ways of achieving OP does not often come from the corporate strategy, products and services or technology alone but rather from the organization's ability to attract and manage its human resource efficiently and effectively. In line with this, successful organizations have human resources who can give their best energy and time to discharge their assigned responsibilities. In addition, human resources also have extra formal work responsibilities to strategize their efforts to contribute significantly towards achieving organizational goals and objectives.

Nowadays, HRM has become an increasingly imperative subject for research. In particular, studies on HRM have shown that proper utilization of HRM systems intended to improve employees' knowledge, abilities, and skills are related to significant outcomes, productivity, and organizational performance (Batt, 2002; Huselid, 1995; Macduffie, 1995). In general, empirical investigation on the link between HRM and performance established that HRM practices are associated with a set of OP measures (Wright & Kehoe, 2008). Equally, environmental competitiveness increasingly makes HRM practices more crucial for organizational success (Wright & McMahan, 2011), and this has provided a basis for several researchers to encourage the practical benefits of adopting HRM practices compared with the more control-based employees approach, which stresses close supervision and management of personnel and their performance (Tsai, 2006).

Despite the numerous studies on the relationship between HRM practices and OP, there is still a critical issue regarding the mediating variables that affect this relationship. Some studies investigate the relationship by finding the likely mechanisms through which HRM practices affect OP (Chahal & Rani, 2016; Farouk, Elanain, Obeidat, & Al-Nahyan, 2015; Ogbonnaya & Valizade, 2016). For instance, Chahal *et al.* (2016) conducted an empirical study on the mediating effect of organizational learning on the link between perceived human resource high-performance practices and OP. Again, Farouk *et al.* (2015) researched the influence of organizational innovation on HRM practices and OP.



In particular, their focus is to test the mediating effect of organizational learning and organizational innovation HRM practices-performance relationship. Those mentioned above and other studies recognize the importance of many factors as mediating variables, such as organizational learning, organizational innovation, and employee outcomes. Earlier studies found support for the mediating effect of these variables on the HRM practices-performance relationship. Hence, additional mediating variables concurrently provide a broader and more complete picture of the relationship between HRM and organizational performance.

Literature confirmed that studies on the connection between compensation systems, training and development and OP are few more, particularly in public sector organizations (Paauwe, 2009; Paauwe & Boselie, 2005; Prowse and Prowse, 2010, 2016). The little ones in the public sector are not focusing on the educational sector. Even if there are many, the fundamental reasons why and how compensation systems, training and development influence performance which has a long argument in the literature and are still not established. Notably, the Theory of Resource Based View (RBV) stresses that internal resources are considered one of the best factors to improve competitive advantage among the competing organization. In a similar argument, the compensation system and training & development can all be regarded as internal factors that can create competitive advantage and improve op. In a nutshell, this study empirically investigates the effects of ethical climate (EC) as mediating factor among the three (3) variables (compensation system, training & development and OP) as suggested by previous studies (Arulrajah, 2015; Manroop et al., 2014) and also confirmed the argument of RBV, which stated that human resource system could lead to competitive advantage through resources that are indirectly within the organizational circle like ethics (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). In a related argument, Parboteeah, Seriki and Hoegl (2013) stress that the human resource management system can influence EC to voice an imperative space to realize the ethical orientation in the organization. However, previous studies reported EC as a strong predictor of OP (Arulrajah, 2015; Hijal-Moghrabi, Sabharwal, & Berman, 2015). Considering the importance of the human resource management system (compensation system, training & development) in influencing EC in order to predict OP, still, studies on this relationship (compensation system, training and development, EC and OP) are scanty in the literature, there is need for further investigation to re-confirm the significant effect of EC on the link between aspects human resource management system (compensation system, training & development) and OP as well as success (Parboteeah et al., 2013; Thite, 2013). Hence, considering EC as a mediating variable would have significant policy implications on performance improvement, particularly in the Nigerian educational sector.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Compensation System and Organizational performance

According to Huselid (1995), the compensation system is known as employee merit and is commonly linked with organizational outcomes. Compensation can simply refer to all monetary payments and all commodities used in its place of monetary incentives to employees (Islam & Siengthai, 2010). According to Vroom's expectancy theory (1964), rewards can be understood as a form of direct and indirect compensation packages that can influence employee work motivation. Additionally, Wan (2008) stated that compensation would be based on performance, not the organization's position or length of service. Again, compensation practice differs considerably across organizations and, to some extent, across jobs. Several researchers argued that compensation would be a package involving non-financial and financial, direct and indirect compensation (Namasivayam et al., 2007; Sturman, 2001). Precisely, it was argued that a type of compensation package includes: base pay, bonuses, profit sharing, commissions, merit pay, overtime pay, travel and meals, stock options, housing allowance, and other benefits including insurance, dental, medical, vacation, retirement, leaves, tax freedom (Ghazanfar et al., 2011). Compensation also involves non-monetary benefits like pension or retirement plans, social security, insurance, health care plans, and family and medical leave (Odunlade, 2012). Also, Compensation bundles such as vacations and sabbatical, severance pay, holidays, and employees' compensation are lawfully mandated to benefit the workers. Hence, compensation practice in this study refers to performance-based reward schemes that reward power competitively and based on the performance achieved by work teams or organizations, such as higher base salaries, plans, and sharing acquisition (Pfeffer, 1998).



Many empirical studies were conducted between compensation and OP and found a link and significant positive relationship. For example, the study conducted by Beh and Loo (2013) in the Asian context of Malaysian insurance firms with 312 samples comprises the top management, executive, non-executive and managers. The quantitative result revealed that compensation practice significantly relates to performance. Similarly, in another study conducted by Ko *et al.* (2013) in the USA using 2011 federal employees in a survey study, the quantitative analysis finding shows that compensation is positively related to performance.

Again, in one study by Amin *et al.* (2014) in the Asian context, public universities in Malaysia were used, with 300 academicians and administrative staff samples. The regression analysis revealed that compensation is positively significant to performance. Moreover, in one study conducted by Akhtar *et al.* (2014) in Pakistan in higher education with 50 samples of the questionnaire, the regression analysis shows that compensation is positively significant to performance. Furthermore, Prieto and Pérez-Santana (2014) carried out a study in Spanish firms using bundles of HRM practices to determine innovative work behavior; the practices are staffing, training, performance appraisal, job design, compensation, participation, all classified as ability-enhancing HR practice, motivation enhancing practices and opportunity enhancing practices through management support and coworkers support, a sample of 198 used in the quantitative method, the result revealed that ability and opportunity enhancing practices are positively related to innovative work behaviors through management and coworkers support.

However, the study conducted by Abdullah *et al.* (2009) contradict the result from the above studies; In the Asian context study in Malaysia private companies, in which 153 sample were used, the managers utilize as respondents, and the regression result indicated that compensation has no significant relation with the performance. Similarly, the study of Newton (2015) on U.S non-profit organizations. The result of the study revealed insignificant compensation for performance. The possible and straightforward explanation for mixed findings was that, while the studies that revealed significant positive relationships used regression and correlation techniques of analysis which are all first-generation statistical tools for analysis, the study that explained no relationship used SEM, which is a second-generation statistical technique. Based on the reported literature, compensation practice and OP studies remain open for further investigation in all contexts.

In summary, most of the earlier studies conducted between compensation practice and OP are concentrated in the private and manufacturing sectors, with few in the public sector. Also, most studies were found in the Asian, American and European continents, neglecting African countries, particularly Nigeria. Again, many studies failed to utilize the power of second-generation analysis techniques, for example, PLS-SEM, to test the relationship among the variables and predict the model concurrently. In addition, the literature revealed that there are inconsistencies in some findings. However, many of the above-reviewed studies demonstrated a positive relationship between the compensation system and OP. Based on the evidence in the literature, this study considered compensation practice as a crucial variable in predicting performance using PLS-SEM analysis techniques to be conducted in the African context, Nigerian PESA in particular. Despite much evidence in European and Asian countries, the literature lacks the relationship between compensation and OP in African countries, particularly Nigeria. Therefore, the present study hypothesizes that:

H1: compensation system significantly related to OP

Training & Development and Organisational Performance

Training and development are considered one of the most extensive human resource management practices (Boselie *et al.*, 2005). The overall focus of training and development in an organization is improving the organization, team, groups and individual effectiveness and efficiency (Kraiger & Ford, 2007). Improved employee capabilities, knowledge, and skills of the talented labor force proved to be the primary source of competitive advantage in the world market (Sahinidis & Bouris, 2008). To develop the desired knowledge, ability and skills of the personnel to conduct their duties well, they need adequate and practical training and development programs. Previous academic researchers regarded training and development as human resource management practices that improve the potential of personnel knowledge, skills and abilities (Combs, Liu, Hall, & Ketchen, 2006; Subramony, 2009). Similarly, training and development is an essential element of the country used to develop the skills and intelligence of its



personnel to attain performance (Jauhar et al., 2015). Likewise, Some previous studies regarded HRM practices as ability-enhancing practices in their model (Jiang *et al.*, 2012; Jiang, Lepak, Jia, & Baer, 2012).

Previous studies on training and development and performance found significant positive results, for instance, the study by Abdullah *et al.* (2009). Asian context research in Malaysia using private firms, 153 respondents were used in the analysis, and the regression result explained training and development as one the highest predictor of performance. Similarly, one study from Bangladesh industries in the DEPZ area with 53 samples and 216 respondents, conducted by Islam and Siengthai (2010), revealed that training and development are significantly related to performance.

Moreover, in a study conducted by Akhtar *et al.* (2014) Asian context study in higher education institutions in Pakistan, 50 samples were used in collecting data, and the result shows a significantly related between training and development and firm performance. Based on the empirical evidence, the statistical result revealed that training and development is the determinant of OP. Additionally, one study was conducted by Úbeda-García, Marco-Lajara, Sabater-Sempere, and Garcia-Lillo (2013) using one practice training for OP in the Spanish hotel industry with 110 sample hotels, and the result explained that training is positively related to OP.

Again, Qureshi *et al.* (2010) conducted a study on HRM practices and firm performance in the Pakistan banking sector; training is considered one of the practices using 38 samples in quantitative data analysis, and results indicate that training is positively associated with firm performance. Furthermore, in another study by Saleem and Khurshid (2014) in their empirical investigation on the relationship between training and development to individual performance in three banks in Pakistan, the result revealed that recruitment and selection are positively related to individual performance, which in turn can enhance OP.

However, some previous studies have shown indirect and insignificant relationships between training and OP. In the study of Osman *et al.* (2011) in Malaysia, the regression analysis result revealed that training and development are insignificant to firm performance, and the study recommended moderation. Again, in the study by Vlachos (2008) in the European context of Greece using private organizations as the study population, the regression analysis result shows that training indirectly correlates with performance. Moreover, the study conducted by Aragón *et al.* (2014) in the European context using a sample of Spanish firms revealed that training indirectly affects performance; it became significant through organizational learning. Based on the above critical review, most of the studies (Abdullah *et al.*, 2009; Islam & Siengthai, 2010) it was found that training and development is a strong predictor of OP if adequately utilized, despite the contrary findings of some studies like Osman *et al.* (2011) and Aragón *et al.* (2014). They reported an indirect relationship between training on OP. Still, the major of the studies reported a significant positive relationship. This shows that the literature is still inconclusive, and further investigation is needed.

To summarize, most of the previous studies on training and development and OP are concentrated in the manufacturing, private and banking sector, with few in the public sector. Similarly, most studies were found in Asian, European and American contexts, neglecting sub-Saharan African countries, particularly Nigeria. Furthermore, some of these studies failed to utilize the power of second-generation analysis techniques like PLS-SEM in concurrently testing the relationship among the variables with a mediator or moderator. Equally, literature revealed that the relationship between training and development and OP is inconclusive as there are inconsistent findings. Hence, based on all the evidence in the literature, this study considered training and development as an essential variable in predicting the performance of Nigerian PESA using PLS-SEM analysis techniques. However, despite much evidence in Asian and European countries, the literature lacks the relationship between training & development and OP in African countries, particularly Nigeria. Therefore, the present study hypothesizes that:

H2: Training & Development significantly related to OP

Mediating effects of ethics on the link between compensation system, training & development and OP

Ethics implies the organization's policies, practices and procedures on ethical matters, influencing employees' attitudes and behavior and serving as an orientation for employee behavior. In this regard, EC plays an imperative role in improving OP. Organizations must set ethical values for their employees while providing an enabling atmosphere



that encourages ethical behavior, capable leadership, trust, and commitment and creates workforce value to improve OP (Hijal-Moghrabi, Sabharwal, & Berman, 2015). However, literature established that challenges facing the educational sector surround unethical values between the employees and the organization. Therefore, this particular issue must be encountered for organizational performance improvement and employee behavior.

Therefore, disregarding ethical values within the organizational system may lead to unfortunate performance and inadequate productivity. Therefore, ethical values are essential for sustaining superior performance and encouraging competitive advantage (Trust, 2015). Equally, it revealed the growing concern and the existence of unethical behaviors within the educational sector organization; in this respect, several issues create unethical challenges, such as poor service delivery, abuses, scandals, mismanagement, and lack of performance as bribery and corruption. In this regard, an employee's ethical behavior is essential to organizational success and performance (Brown, Stilwell, & McKinney-Gonzales, 2005; Winstanley & Hartog, 2002).

Literature found that ethics is significantly associated with OP. Similarly, one study by Bowman and Knox (2008) investigated the influence of ethics on public managers in the American public sector; it was found that ethics significantly predict OP. Furthermore, RBV highlighted that human resource systems could directly influence OP through resources that are impressively woven into an organization's history, ethics and culture (Barney, 2001; Reed & DeFillippi, 1990; Sabiu, Mei, & Joarder, 2016b; Wright & McMahan, 1992).

Additionally, the human resource management perspective stresses that EC shows an imperative window to understand the ethical positioning in the organization. Understanding the existence of EC in the organization can also be very suitable as an origin for emerging human resource systems (compensation system, training & development) to foster an ethical environment (Parboteeah *et al.*, 2013). In a related manner, a human resource management system promotes ethical behaviors among employees within the organizations; in this regard, human resource experts simply believe that indeed have an ethics management ability to incorporate ethics management (Caldwell, Truong, Linh, & Tuan, 2011; Van Vuuren, & Eiselen, 2006). Based on the stated argument, human resource management leadership hierarchies are respected for integrity, as they can solve complex ethical predicaments (Arulrajah, 2015). Despite the literature argument, still, there is need for more empirical investigation on the link between the compensation system, training & development, ethics and OP. Therefore, the following hypotheses were developed: -

H3: There is a significant relationship between the compensation system and ethics

H4: There is a significant relationship between training & development and ethics

H5: There is a significant relationship between ethics and OP

The prior hypotheses highlight the linkages between the compensation system, training & development Ethics and OP. Indirectly, the discussion proposes that the compensation system, training & development affect OP through the impact of ethics. Organizations can adequately utilize the human resource management system (compensation system, training & development) to promote ethical standards and improve employee behavior. Hence, this study argues that ethics may mediate the link between the compensation system, training & development and OP. More appropriately, the study tested the power of ethics to mediate the relationship between the compensation system, training & development and performance, specifically in the Nigerian primary education sector. Hence, the following hypothesis was proposed: -

H6: Ethics mediates the relationship between Aspects of human resource management practices (compensation system and OP)

H7: Ethics mediates the relationship between Aspects of human resource management practices (training & development and OP)

Methodology



This study is a survey research and cross-sectional, and data used for this study were collected between June to August 2022 using a questionnaire instrument that was self-administered to 216 ministries of education, parastatals, boards and agencies in seven (7) Northern Nigeria. Of the 216 questionnaires administered, 181 questionnaires were usable, duly filled and returned, a response rate close to 81% percent. To be able to determine the consistency of the study instrument, content validity was also conducted. All the instruments (items) used in the questionnaire were adapted from various sources with suitable internal consistency, reliability, and validity confirmed in the literature. The internal consistency reliability of the construct was evaluated using composite reliability and computed Cronbach's alpha values. Additionally, discriminant validity was assessed to consolidate the authenticity of the study instrument scales.

Research Model

The model, including compensation system, training & development ethics and organizational performance, was assessed using a two-step approach such as measurement and structural models (Hair, Hult, Ringle, & Sarstedt, 2014).

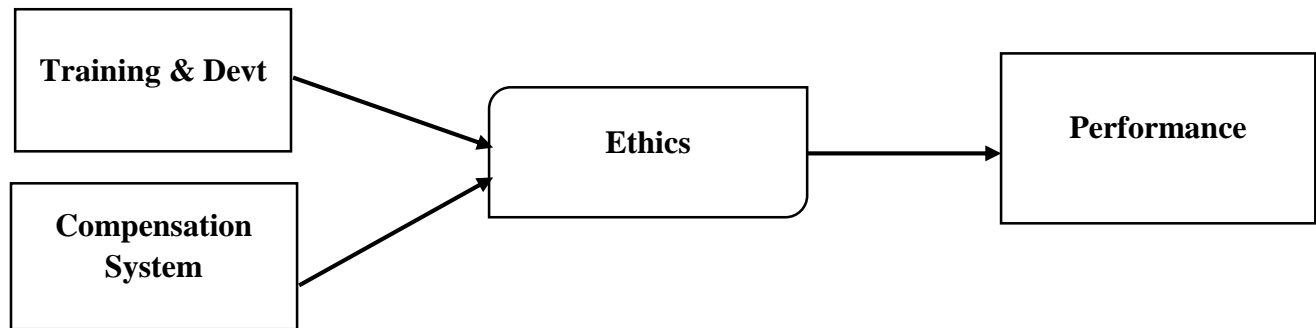


Figure 1
 Research Frame Work

ANALYSES OF FINDINGS

This section discussed how the study analyzed the data using SmartPLS 3.2.8 (Hair, Hult, Ringle, & Sarstedt, 2016). First, measurement model assessment originated where the composite reliability, Average variance extracted (AVE) and item loadings of the study constructs were evaluated, and discriminant validity was also assessed for all the reflective constructs (compensation system, training & development, OP). For the formative constructs (Ethics), the collinearity and significance assessment were also examined. Then, the structural model assessment was undertaken by testing the path coefficient (hypotheses) among the variables under study. Decisions on the supported or rejected hypotheses were also indicated, including evaluation of R^2 square, effect size f^2 and predictive relevance of the whole model.

Measurement Model Evaluation

As discussed earlier in the methodology, the study used Smart PLS 3.3.8 (Hair *et al.*, 2016) as the instrument for analysis. This instrument is used for data analyses in measurement models, filtering the model for all the reflective constructs (Com system, TD and OP). The measurement model determines the reliability of the measurement scales used in the study and treats the model's goodness of fit to determine global applicability (Ramayah, Lee, & In, 2011).

Table 1
 Factor loading, Composite reliability and Convergent validity analysis

Constructs	Items	Loadings	Composite reliability	AVE
Organizational	OP10	0.74	0.84	0.51
Performance	OP3	0.66		



	OP5	0.67		
	OP6	0.68		
	OP7	0.80		
Training and Development	TD1	0.66	0.89	0.52
	TD2	0.72		
	TD3	0.76		
	TD4	0.71		
	TD5	0.73		
	TD6	0.73		
	TD7	0.74		
Comp System	COM1	0.79	0.85	0.53
	COM2	0.78		
	COM3	0.69		
	COM4	0.76		
	COM5	0.62		

Table 1 above shows the results of the factor loadings, composite reliability and AVE calculations of all the reflective constructs (Comp system, TRD, OP) under study. The AVE values ranging from 0.51 to 0.53, with consistent composite reliability values ranging from 0.84 to 0.89, interpret that the items employed in the study measure the constructs and show attainment of convergent validity. Therefore, CR, Factor loadings and AVE in this study are suitable and attained as Hair *et al.* (2014) recommended.

Table 2
Discriminant Validity (Fornell-lacker criterion)

CONSTRUCTS	COMP	OP	TD
COMP	0.731		
OP	0.392	0.712	
TD	0.529	0.569	0.723

Table 2 above displays the evaluation of discriminant validity to assess the degree to which measures of constructs are related. To realize that, the square root of the AVE of each construct was taken into consideration. As discovered in Table 2, along the crosswise are the values of the square root of the AVE, which are higher than all those values that are off the crosswise and confirm suitable discriminant validity. Therefore, the loadings above are more significant than the loadings and cross-loadings.

Assessment of the collinearity and significance of formative construct

Evaluation of the collinearity test of the formative construct (Ethics) was also undertaken to ascertain the relative and absolute contribution of the dimensions to the central construct (EC). Table 3 displays the analysis

Table 3
Assessment of the collinearity test and significance of formative construct

Formative Construct	Formative Indicators	VIF	Tolerance	Outer Weights	Outer Loadings	T Statistics
Ethical Climate	Benevolence	2.02	0.43	0.22	0.81	2.45**



Egoism	2.17	0.34	0.54	0.93	5.26***
Principled	2.11	0.37	0.21	0.82	1.85**

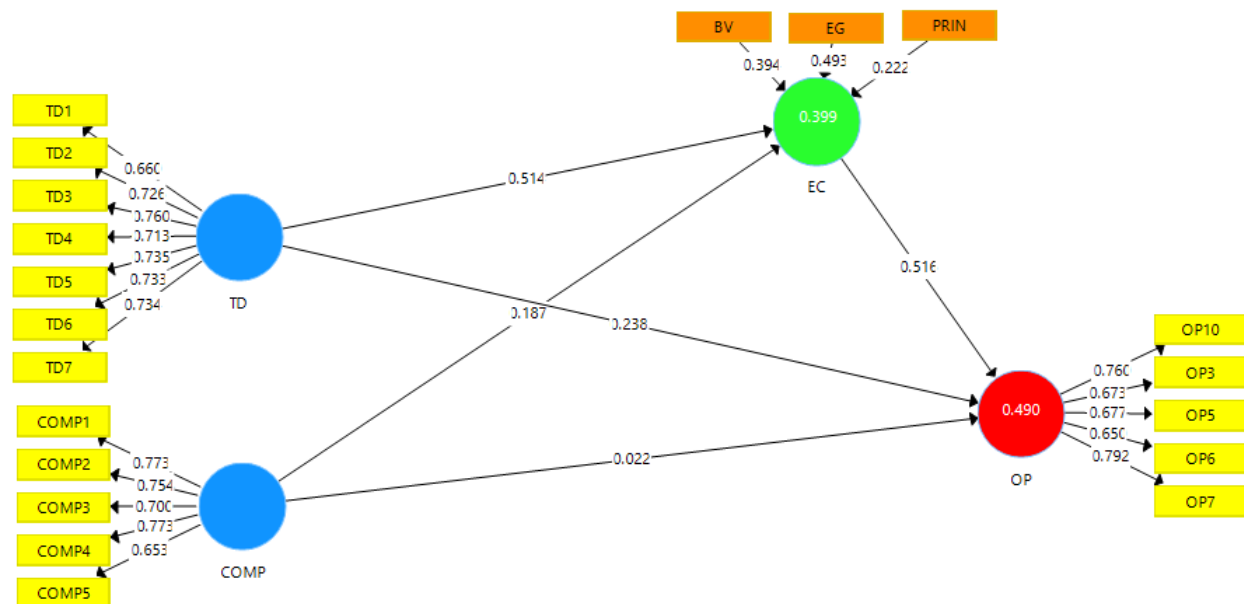


Figure 2
 Measurement model (Algorithm)

Assessment of Structural Model

This section discussed the testing of hypotheses, R-square R2, effect size f2, and predictive relevance. The analysis was carried out using bootstrapping output, and the decision on the supported or not supported hypotheses was based on t-values at a 5% significance level.

Table 3

Hypotheses for direct relationship and indirect relationship (COMP->EC, COMP->OP, EC -> OP, TD -> EC and TD-> OP)

Hypotheses	Beta Value	STDEV	T Statistics	P -Values	Decision
COMP -> EC	0.187	0.066	2.84	0.00	Supported
COMP -> OP	0.022	0.069	0.33	0.75	Not Supported
EC -> OP	0.516	0.085	6.10	0.00	Supported
TD -> EC	0.514	0.062	8.32	0.00	Supported
TD -> OP	0.238	0.072	3.30	0.00	Supported

***P<0.001, **P<0.01, *P<0.05



As shown in Table 3 above, all the five direct relationships hypotheses look to be significant; thus, training and development (TD) and OP, EC and OP, TD and EC, and COMP and EC prove significant relationships except Compensation system (COMP) and organizational performance (OP).

Testing the Mediating effects of ethics

In testing the mediating effects of ethics on the link between COMP and OP and TD and OP, the result used in PLS 3.3.8 in estimating the indirect effects among the variables (COMP, TD, EC and OP) at a 0.00 level of significance. Table 4 presents the mediation hypothesis of the study.

Table 4
 Mediation hypothesis

HYPOTHESES	Beta Value	STDEV	T Statistics	P Values	Decision
COMP -> EC->OP	0.09	0.04	2.45	0.01	Supported
TD -> EC->OP	0.27	0.06	4.74	0.00	Supported

***P<0.001, **P<0.01, *P<0.05

Table 4 above presents the mediation of hypothesized relationship of ethics (EC) on the aspect of human resource management (COMP, TD) and organizational performance (OP) is also supported with β value = 0.09,0.27 and a t-value of 2.45, 474 respectively. The study model is presented in Figure 3 below.

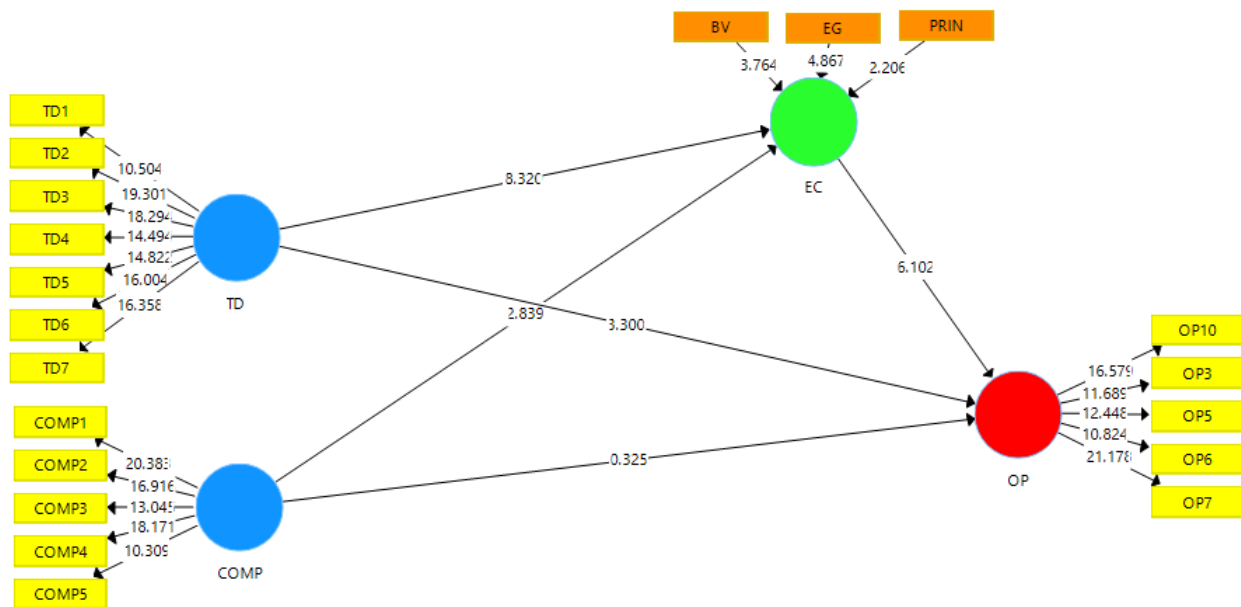


Figure 3
 Structural Model for Mediation relationship

Determination of R² for Mediating Relationships

Another criterion used for the structural evaluation model is the determination (R^2) of the endogenous construct (Hair *et al.*, 2014; Hair *et al.*, 2011, 2012; Henseler *et al.*, 2009). According to Chin (1998), Hair *et al.* (2011), Hair *et al.* (2014) and Hair *et al.* (2016), R^2 values of 0.75, 0.50 and 0.25 show substantial, medium and small R^2 values, respectively. Similarly, Falk and Miller (1992) suggest 10% as a minimum acceptable level of R^2 value.



Table 5
Endogenous Latent Constructs for Variance Explained (R^2)

Constructs	Variance Explained (R^2)
Organizational Performance	48%
Ethics	43%

From Table 6 above, the R^2 value of all the endogenous constructs (EC and OP) are small, with (0.43) and (0.48) values, respectively.



Evaluation of Effect Size (f^2)

Having attained the coefficient of R^2 (EC and OP), the following evaluation is effect size (f^2) as recommended by Hair, Ringle, and Sarstedt (2013). Cohen (1988) describes f^2 values of 0.02, 0.15 and 0.35 as having small, medium, and substantial effects, respectively. Henceforth, the effect size for exogenous constructs could be assessed using the formula below (Cohen, 1988; Selya, Rose, Dierker, Hedeker, & Mermelstein, 2012). Table 7 displays the effect size value of the mediation model.

$$\text{Effect size: } f^2 = \frac{R^2 \text{ included} - R^2 \text{ Excluded}}{1 - R^2 \text{ Included}}$$

Table 6
Evaluation of the Effect Size for Mediating Relationships: F-Square

Constructs	R^2 Included	R^2 Excluded	f -squared	Effect Size
COMP-OP	0.48	0.29	0.19	Medium
TD-EC	0.38	0.00	0.60	Large
COMP-EC	0.48	0.45	0.07	Small
TD-OP	0.39	0.00	0.61	Large

Table 7 above discovered that the effect size values of 0.19, 0.60, 0.07, and 0.61 are considered small, medium and large, having suitable effect sizes.

Assessment of Predictive Relevance

The study also assesses the predictive volume of the whole model. It was evaluated through a blindfolding procedure to examine how the values are assembled around the model. It is believed that any model above "0" has predictive relevance; it can predict a relationship, and if the value is "0" and below means, the model has no predictive power (Geisser, 1974; Stone, 1974).

Table 7
Predictive relevance Q2

Total	SO	SSE	1-SSE/SSO
OP	905	701.995	0.22

Note: SSO (sum of square root observations) SSE (sum of square root predictive errors)

Table 7 shows that column 4, Q2 discovered a significant relevance of 0.22 for the construct (organizational performance). Therefore, based on Chin (1998), Geisser (1974), and Stone (1974), the model of this study has medium predictive relevance.



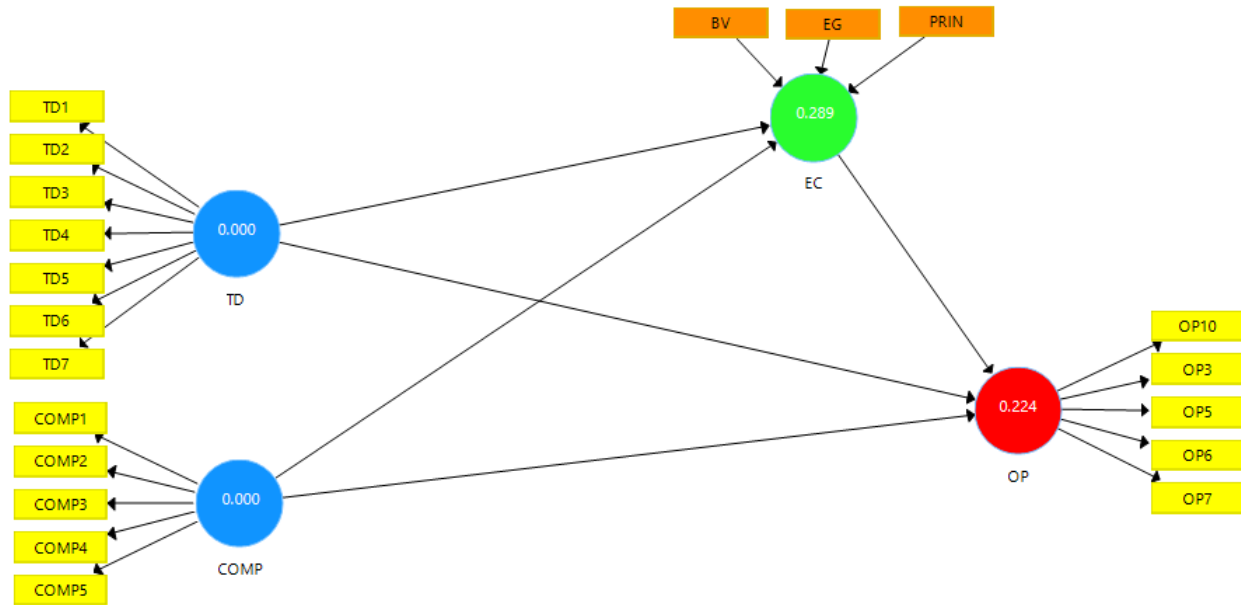


Figure 4
 Predictive relevance Model

DISCUSSION OF FINDINGS

This study investigates the mediating effect of ethics on the relationship between the aspect of human resource management practices (compensation system, training & development) and OP. Statistically, the result revealed that all the study hypotheses were significantly supported, except the relationship. This study's relationship between the compensation system and OP is not significant. The finding is consistent with some previous studies. It is important to remember that compensation is defined as rewards and benefits provided by the organization to their prospective employees in exchange for their performance that can lead to organizational success (Prieto & Pérez-Santana, 2014). Contrary to expectations, the result was not supported; it revealed that compensation does not affect OP. Although, this finding does not support the findings of some previous studies (Amin *et al.*, 2014; Ko *et al.*, 2013; Prieto & Pérez-Santana, 2014). It also demonstrates similar views to those who found an insignificant relationship between compensation and OP (Abdullah *et al.*, 2009; Newton, 2015).

Similarly, the hypothesis on the link between training & development and ethical climate is significant and supported in this study. The result conforms with the findings of Delaney and Sockell (1992). They found that to improve the ethical behavior of organizational members, attention should be paid to appropriate training and development processes that can create and sustain an organization's EC. Indeed, high-value ethical training is one of the practices that improve the effective integration of ethical behavior and activities among the workers; it is also associated with ethics, forms a common understanding of the value of ethics and supports in creation of ethical behavior for enhancing both individual and OP—the hypotheses between compensation system and ethics. The findings of this study can be translated according to views by James (2000) that inadequate compensation and pay disparity are critical causes of job dissatisfaction and demotivation among employees, which directly or indirectly cause unethical behavior within the organization.

The fourth hypothesis is another part of the objective one achieved. Empirically, it was tested that training and development were positively and significantly related to OP. It is important to remember that training and development are defined as the degree to which employees understand that their organization provided them with the required training and development program with adequate knowledge and skills to perform their work effectively. The findings of this study supported the views of some previous studies, such as Abdullah *et al.* (2009), Akhtar *et al.*



(2014), and Bonavia and Marin-Garcia (2011). Lastly, In achieving the fifth objective. H5 states that EC mediates the relationship between TD and OP in Nigerian PESA. Remarkably, the statistical finding revealed that EC mediates the relationship between TD and OP. Hence, H5 is supported.

In other words, TD was found to influence OP positively through mediating effect of EC. Based on this finding, proper utilization of TD will help organizations, specifically PESA, to improve their ethical climate level and, in return, achieve OP. This result also revealed that training and development of employees would not be enough to improve OP if EC among the employees and within the system are not properly maintained. Furthermore, to attain the six objectives, H6 was tested, which states that EC mediates the relationship between compensation practice and OP in Nigerian educational sector administration. The result statistically indicates that EC mediates the link between the compensation system and OP. Thus, H6 is supported. A possible reason for this is that the more employees and organizations feel not content with the compensation package, the less they engage in practicing ethical behavior.

Conclusion

This study was carried out to understand the mediation effect of ethical climate on the relationship between the aspect of human resource management practice (compensation system, training & development) on OP. The findings demonstrated that ethical climate could mediate the variable under study. The study empirically contributes to the existing knowledge by examining the relationship between the compensation system, training & development and OP in Nigerian educational sector administration. In a related manner, many studies established that there is a link between the aspect of HRM practices and OP without proving why and how these relationships exist; this study contributes to knowledge by establishing empirical evidence that training & development, compensation system can influence OP through a mediating factor (EC) which yet to be explored in the academic literature. Additionally, this study is among the few studies that examine the mediating effect of EC on the relationship between aspects of HRM and OP. The results of this study will help the administrators, managers, policymakers/stakeholders and policy implementation committee in Nigerian PESA ministries, boards, agencies as well as the parastatals to be encouraged and ensure timely and prompt payment of compensation can create ethics among the personnel and the system in general to enhance superior performance. In conclusion, the study recommends using a large sample; other countries' educational sector administrations can also conduct a similar study using other individual practices or bundles to replicate the result of this study. Future research can use smart PLS SEM latest version or any other second-generation analysis technique to re-validate the model.

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