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Managerial Social Wisdom: A major facet for Employee Turnover Intentions, Work Commitments and Manager-Subordinate Relationships

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Abstract

Working under a wise manager is incredibly worth it. There are some managers worth dying for and is a cast of 'rare breed'. Leaders/Managers that have managerial wisdom, makes employees love to work long hours, exceed one's abilities to perform just because they have asked for it. The aim of this study was to study this social wisdom of managers beyond being socially intelligent. This paper investigates the relation of social wisdom with employees' turn over intentions, work commitments and manager subordinate relationships. A structured, personal survey on a sample of 3500 organizational employees was tested and analyzed via correlation analysis. Extremely strong positive correlation between social wisdom of managers and factors like employee turnover intentions, work commitments and manager subordinate relationships have been found and reported. This paper marks from the organizational-wide perspective that the wise manager build long and valuable relationships with the their employees and in turn pass on the managerial wisdom and are a major cause for a retaining employees and making them perform better every day.

Keywords: Managerial Social Wisdom, Employee Turnover Intentions, Work Commitments, Manager-Subordinate relationships.

1. Introduction

The social wisdom is a facet of managerial leadership which is based on the cognitive ability of manager in ascertaining the social factors prevailing in the organization, such as employee work behavior, workers predicaments whether personal or official, organizational objectives and anticipated interaction practices. Manager's spoken words and actions shows integrity which enables employees to follow their manager's rules. Social wisdom plays an important role in manager-subordinate relationship (Davis & Rothstein, 2006). Wise leadership is combinations of knowledge, understanding, experience, discretion, and intuitive understanding, along with a capacity to apply these qualities well towards finding solution to problems.

In many traditions, the terms wisdom and intelligence have somewhat overlapping meanings; in others they are arranged hierarchically, with intelligence being necessary but not sufficient for wisdom.

Social wisdom is supposed to be a leadership behavior which make employee feel cherished, esteemed, respected and high valued and may help leader in improving the commitment of employee. Commitment is defined as the relative strength of an individual's identification with and involvement in a particular organization (Mowday, 1979). Variables such as job satisfaction and commitment are mediating factors for the actual action of quitting (Haris & Cameron, 2005). It pertains to the attachment to the organization as a whole; it develops progressively and is more stable over time (Mowday, 1979). Turnover may have a lasting effect on a firm's competitiveness (Min, 2007). It is important for managers to understand avoid ability- the extent to which turnover decisions can be prevented (Morrell, Clarke, & Wilkinson, 2004). Commitment leads to direct reactions regarding of work such as pay, supervision, conditions of work and promotion (Mowday, 1979).

This study contains unique combination of variables, which has analyzed the critical impact of managerial social wisdom on some very important organizational factors like work commitment, manager-subordinate relationship and employee turnover intentions.

2. Literature Review

Integrity in managers means to help employees, motivate, assist, listen to their ideas, include their views before making any final decision and be open and friendly. Due to working trait in managers, the organization can achieve its goals by being more responsive to the internal and external needs (Taylor, 1989). Ethical code of conduct and values are set by the managers of the organization who possess integrity, which ultimately results in the employees' involvement in work. Top managers have authority to make and implement working processes which affects the overall organizational performance, this shows the wisdom of managers that how they carry out their work skillfully and efficaciously. Moreover, manager's integrity is directly related to employee's level of job satisfaction and work commitment. Manager's spoken words and actions demonstrate integrity, which enables employees to follow their manager's rules. Due to lack of integrity, the employees will adapt unethical behavior that will weaken the organizational performance (Peterson, 2004).

There are many theories regarding social exchange (Blau, 1964), and the main idea of those theories revolves around is exchange between or amongst individuals developing trust. This helps an individual in starting up a social relationship, which can be seen in working community. Also, to find the main motivation factor, creating social ties between two individuals. As social ties takes place everywhere it's between two individual which make them good friends, etc. except family. All other relationships in an individual's life are a result of one's trust on other. Similarly, in managers' and employees life, they also involve and develop into a social relationship amongst them, by working under one roof handling diverse situations as a team, working for the organizations goals and achieving them.

If social exchange theory is studied in the light of employee and employer relationship it's always a formal and contractual relationship that exists, as they both need each other for the well-being of their organization, more over adding a social element in that relationship, social exchanges differ from economic exchanges in many ways, as it involves benefits which are not related to economic value as it's like a advice and social support (Eisenhardt, 1989).

The differences between social and economic exchanges are several as social exchanges involve benefits that are external means which have no links with the organization. If an individual has a social relationship with his manager, he can take advices, social support, which may have economic value or may not possess any economic benefit, and it can be vice versa.

Moreover, it is observed that exchanges that have very little or no clear benefit i.e. economic can have good impact on social exchanges that builds social relationships. Social ties are often unclear as one is not sure how long the relationship exists or it can benefit as we know that relationships take time to develop more (Blau, 1964).

Performance appraisals of any manager can easily be done by noticing his/her speeches and kind acts done by him which gives employees to understand the attributes such as honesty, integrity and moral character (Dasgupta, 1988).

Behavioral integrity helps in discovering behaviors of manager's credibility. They are (1) importance of truth in manager's job (2) fulfilling the promises at any cost which is the backbone of integrity factor. This factor leads to the trust of employees on their manager (Mayer, Davis, & Schoorman, 1995). Although, they are two distinct dimensions but rather than that they have some resemblance i.e. behavioral consistency and behavioral integrity. Both serve as catalyst in minimizing risk in trusting managers perceived by the employees. Only difference between behavioral consistency and behavior integrity is: Behavioral consistency deals with reliability and predictability based on past experiences. Behavioral integrity: deals with the consistency what the manager verbalize and what he or she attempts to do in different situations.

Rotter (1966) scrutinized that beliefs of people are completely depend on past experience happens to them. Managers leading a locus of control (internal) can analyze what happens to them primarily under their own control. When it comes to external locus of control case becomes cumbersome and can only be controlled by outside factors. Researchers revealed very authentic facts that propensity to influence others and attitude towards social influence is the major difference between internal and external locus (Mitchell, Smyser, & Weed, 1975). Especially internal are more commonly encountered than external one in managerial positions and try to influence the behavior of others (Spector, 1982).

In contrary, external are accepted and attempted by others to influence and respond more positively to directive leadership style. Internal are the ones deals with stress whereas, external are more towards tolerance rather than to act. Higher desire is the focus of internal while external focus is on personal control in work place (Ganster & Schaubroeck, 1991).

2.1 Social Wisdom

Integrity is defined as the steadfast adherence to an ethical code. Managers, however, serve as the linchpin by modeling, communicating and reinforcing ethical behavior to employees (Brenda, 2005). Leader integrity would seem most likely to influence unethical acts directed at the organization (Peterson, 2004). Managers must hold people accountable by developing a system of reward for those who demonstrate ethical behavior and consequences for those who don't; and eliminate barriers to responsible behavior, such as coercion, fear of retaliation and discrimination (Brenda, 2005). Higher perceived leader integrity is associated with lower intentions to commit unethical acts (Peterson, 2004).

2.2. Work Commitment

Organizational commitment is defined as the strength of an individual's identification with and involvement in a particular organization (Mowday, 1979). Commitment is said to be characterize by three factors: a strong belief in and acceptance of the organization goals and values; a readiness to exert considerable effort on behalf of the organization; and a strong desire to remain a member of the organization (Mowday, 1979). Commitment leads to shaping one's identity, attitudes and goals to it the organization's expectations (Salancik, 1977).

2.3 Turnover intentions

Firms should simultaneously measure and manage turnover. Measuring involves such things as: surveys, consultation process, intra-extra firm career guidance, exit interviews and leaver profiling. Managing is needed in key operational areas to minimize the effects of change to key business areas (Morrell, Clarke, & Wilkinson, 2004). High turnover rates among employees in general and among managers in particular has a significant negative impact on a firm's performance and profitability (Birdir, 2002). Employee turnover has been one of the most widely studied areas of interest due to its significance to labor productivity and subsequent organizational success (Min, 2007). Turnover can be prevented through understanding avoid-ability (Morrell, Clarke, & Wilkinson, 2004). Achieving good

relations between supervisors and sub-ordinates helps to embed employees within organization and thereby provides a disincentive for employees to quit (Morrow, Suzuki, Crum, Ruben, & Pautsch, 2005).

2.4 Manager-Subordinate Relationship

The subordinate-supervisor similarity in growth has the major contributor on the work outcome. The findings suggests that subordinate-perceived global similarity mediates the link between similarity in GNS and subordinate's trust in and loyalty to supervisor; whereas supervisor-perceived global similarity mediates the link between similarity in GNS and supervisor-rated in-role/extra-role performances (Huang & Iun, 2006). A survey of management teams is undertaken to examine task and social contact within manager-subordinate dyads. The evidence presented suggests that managers sustain different relationships with subordinates depending on their level of task performance. Subordinates who are rated high on performance have high task contact with their manager, whose behavior is experienced by them as friendly (Elangovan & Xie, 1999).

Those who perform at a low level have low task contact with the manager and experience relatively little friendliness. Contrary to our prediction, friendliness does not lead to social interaction (Wexley, Alexander, Greenawalt, & Couch, 1980).

2.5 Hypotheses

Based on the literature and the objective of the study which is to identify the relationship between managerial social wisdom and employee turnover intentions, work commitment and manager subordinate working relationship, following three hypotheses are formulated and investigated.

H1: There is a significant relationship between social wisdom and employee work commitment.

H2: There is a significant relationship between social wisdom and employee turnover intention.

H3: There is a significant relationship between social wisdom and manger subordinate relationship.

3. Research Methods

3.1 Description of Data and Econometrical Technique

Personal Survey technique was employed to acquire data from 3500 corporate employees from 700 large and medium enterprises through random sampling technique. The data was collected through a structured questionnaire. Instrument was divided into four sections each focusing on measuring a separate outlined variable. Data was transformed into the parametric data and then investigated through using Pearson correlation to analyze the existence of the relationships between the outlined variables and the strength of their relationships.

4. Results

The findings of the study validate the first hypothesis that there is a significant relationship between social wisdom and employee work commitment as the significance was .000 and the co-efficient of correlation .761 shows strong positive correlation between managerial social wisdom and employee work commitment.

The second hypothesis that there is a significant relationship between social wisdom and employee turnover intention was failed to be rejected since the significance value was .000 and co-efficient of correlation was .772 which also confirms strong relationship between managerial social wisdom and employee turnover intentions.

Table 1: Pearson Correlations

		Managerial Social Wisdom	Work Commitment	Turnover Intention	Manager- Subordinate Relationship
Managerial Social Wisdom	Pearson Correlation	1	.761**	-.772**	.816**
	Sig. (2-tailed)		.000	.000	.000
	N	3500	3500	3500	3500
Work Commitment	Pearson Correlation	.761**	1	.711**	.592**
	Sig. (2-tailed)	.000		.000	.000
	N	3500	3500	3500	3500
Turnover Intention	Pearson Correlation	-.772**	.711**	1	.710**
	Sig. (2-tailed)	.000	.000		.000
	N	3500	3500	3500	3500
Manager-Subordinate Relationship	Pearson Correlation	.816**	.592**	.710**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	3500	3500	3500	3500

** . Correlation is significant at the 0.01 level (2-tailed).

The third hypothesis regarding the relationship between managerial social wisdom and manager-subordinate relationship was also failed to be rejected since the significance value was .000 and the co-efficient of correlation of .816 shows very strong relationship between managerial social wisdom and manager subordinate working relationship.

5. Discussions and Conclusion

This research empirically concludes and confirms that social wisdoms have a significant relationship with employee work commitment, employee turnover intention and manager subordinate relationship.

The employees' skill-set develops and nurtures through the presence of the managers who have the wisdom to take right decisions and get the work done through their sub-ordinates effectively and efficiently. Also, giving the employees a chance to work in a comfortable environment, sense of responsibility and gradually giving them a chance to learn to be wiser at different work instances. 'Managerial Social Wisdom' is a very practical element of sustainable knowledge/information that has a profound contribution to the organization as well as the societal/cultural concerns. The managers' who have an approach that enables the employees work diligently via managers' "better/wiser" decisions, always fix the bottle necks at work place with an ease. While the associations of social wisdom with employee turnover, commitment and manager-subordinate relationship, also translates

towards ethics and values-related issues which are themselves closely linked to establishing more appropriate relationships between 'Power and Responsibility'.

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