

Organizational Loyalty: A Study in Relation to Ethical Accountability and Public Trust in Local Government

Nor Zaini Zainal Abidin^{1*}, Mohd Kasri Saidon²
& Azni Syafena Andin Salamat³

¹ Faculty of Administrative Science & Policy Studies, UiTM Kedah, 08000 Merbok, Kedah

² UUM Museum, Universiti Utara Malaysia, 06010 Sintok, Kedah

³ Faculty of Administrative Science & Policy Studies, UiTM Kedah, 08000 Merbok, Kedah

Corresponding Author: zaini637@uitm.edu.my

Abstract

Organizational loyalty in public services not been discussed frequently since the position of public officers are determined by pensionable employment and public service regulation. Loyal bureaucrats is seldom been questioned and least studies were done to acknowledge the issue. Organizational loyalty as one of ethical value embedded within the sphere of ethical practices. In line with this, the performance of local government in service delivery frequently raised public concern in which some of the services have not been effectively performed. In this sense, one of the key factors in sustaining and maintaining local government performance for any organization is by establishing loyalty. Based on this scope, the organizational loyalty is believed to have connection with public trust. Beside that, organizational loyalty also can be considered as public service commitment in delivering services. This research focuses on the impact of civil servants inner or inside value of organizational loyalty in relation to service delivery in local government. Several local authorities in Peninsular Malaysia was chosen and a set of questionnaire was distributed to 608 of some selected respondents. Our findings shows that loyalty has significantly mediated accountability and public trust in local government as service provider.

Keywords: Organizational Loyalty; Accountability; Public Trust; Local Government; Service Delivery

INTRODUCTION

Received: 10 January 2022
Accepted: 21 March 2022
Published: 30 June 2022

Public service loyalty is not a much focused agenda in government organization (Levy, 2007; Nor Zaini & Kuppusamy, 2018). Loyalty is very much visible in political figures where in order to secure governmental privilege that is to win the election and become a government, politicians need to have loyal voters and followers (Tholen & Mastenbroek, 2013). In a democracy notion, government of the day will appoint political executive to lead the administrative agency and implement public policy. The work flow will then being disseminated and further realized by the government administrative officers. These officers are termed as “field agent” and will responsible in delivering services to the public. Public servants as field agent need to fulfill public demands in service delivery. Thus, the fulfilment may be giving an impact on the ruling government.

As an agent of service delivery, evolution in this aspect portrayed several changes and modernization. Postmodernism reflects on the changing lifestyles and the advancement of technology transformed the nature of services and service delivery to the public (Inglehart, 2008). In recent times, governments around the globe have undergone significant changes. The idealism of ‘public goods’, the thought of ‘free’ may not be so in today’s evolution trends. The transformation of government administration can be witnessed in the changing style of governance and the focus on ‘market-like’ administration (Siddique, 2013). The public has to pay, even at minimal cost. However, it also comes with consequences. Free goods and services may come with low quality. Technologies are there, but the coverage may be not widespread. As the impact, it may limit the steady development steps in strengthening the positions and roles of public sectors in encouraging public with the use of government technology and transformation. Siddique (2013) acknowledged that Malaysia has major transformation and development in various areas and shows current trends and impact. The move towards privatization, public enterprise and Malaysia Incorporated, to name a few, has several consequences. This compels the public to pay for the services. The frequent public outcry on the quality of services and the counter services reputations illustrate evidence on the questions raised in this paper. Thus, the main aim of this paper is to measure organizational loyalty in public service. The question raised in this study are: 1) can organizational loyalty be realized and felt by public? 2) How public servant expresses their organizational loyalty? 3) What are the motivations for the organizational loyalty in public service?

Loyalty behaviors are behavioral manifestation of organizational commitment (Podsakoff & Pierce, 2008). There are many instances where commitment to

organization is declining. Podsakoff and Pierce (2008) highlighted that empirical data collected in United States in 1991, and in 2002, General Social Survey managed by the National Opinion Research Center stated that respondents' commitments to their employer declined in this time period. As such, enquiries about the accountability and the question of loyalty among public service throughout the world, in particular to Malaysia are related with various mismanagement cases. Furthermore, governments around the world are also facing corruption issues, charged with fraudulent act, governance failures and financial mismanagement.

This paper aims to investigate the relationship between organizational loyalty as one of ethical accountability principles in achieving public trust. Loyalty or organizational loyalty is served as a mediator variable which is relevant to gain public trust. Local government as service provider that deals directly with public is a relevant testing ground for loyalty and public trust.

LITERATURE REVIEW

Local Government

Colonialism contributes to the structure of local government in Malaysia, and from that time onwards, the system flourished overtime into its own distinguished governance identity (Ahmad Atory & Malike, 2006; Phand, 2008; Sofian, 2012). In Malaysia's government hierarchy, a local government is located at the lowest level, below the federal and state government. As mentioned in the Federal Constitution of Malaysia, they are subjected to the state governments. In this sense, local governments are infra-sovereign. In addition, National Council for Local Government (NCLG) was established by the federal government in 1960, and it is the highest policy-making body to administer local matters. The NCLG can formulate policies for local government (Harding, 1996) in terms of development and enhancement of local government.

The administration and functions of local government has been outlined in detail under the Local Government Act 1976 (Act 171), the Town and Country Planning Act 1976 (Act 172) and the Street, Drainage, and Building Act 1974 (Act 133). The Local Government Act 1976 (Act 171) or LGA 1976 (Act 171) is the main reference and it is the source of statute law and power for local government. LGA 1976 (Act 171) also mentioned that the function of local government can be divided into obligatory and discretionary activities. The obligatory functions has been detailed into five main

categories that includes (1) services, amenities and community, (2) protection and enforcement, (3) health, (4) welfare and, (5) communication.

Loyalty

The term loyalty is mostly inline with marketing of products and services. Dowding and John (2008) stated that the concept of loyalty can be categorized into composite and institutional loyalty. According to Deghan & Shahid (2011), composite loyalty is a combination of attitudinal and behavioral loyalty. Attitudinal loyalty refers to brand loyalty, whereby behavioral loyalty exists when a customer has a strong preference and attachment towards a company's brand among competitors' brand. Behavioral loyalty also exists when customers' do not feel loyal anymore to particular brand and company, thus, choose exit from using the product and become 'disloyal' to the company (Dowding & John, 2008; Deghan & Shahid, 2011). In a government organization, loyalty is the expression of being faithful and willingness to sacrifice. Max Weber's conception of loyalty in public services is that loyalty is neutral, predictable and has unquestioned obedience to the authorities (De Grafl, 2010). Some counter arguments against Weber's conception of loyalty is that 'blind' loyalty to higher authorities is dangerous. It can lead to moral misconduct. In this sense, strict loyalty may not always lead to efficient and effective administration. Sometimes, in order to solve and cater social problems, public officials often have to bend rules and instructions. The bending of rules and instructions may relate to complexities and variety of demands in everyday work. In many occasions, public officers need to be rational. Tholen and Mastenbroeck (2013) stated that rationality in public service means the organizations need to be flexible where members are not given strict instructions, instead of discretion in performing their tasks. In this sense, being loyal cannot be accredited to strict following instructions (Tholen & Mastenbroeck, 2013).

In addition, organizational loyalty is defined as "identification with and allegiance to organizational leaders and the organization as a whole, transcending the parochial interests of individual, work groups, and departments. Representative behaviors include defending the organization against threats; contributing to its good reputation; and cooperating with others to serve the interests of the whole" (cited by Podsakoff & Pierce, 2008, 128). In line with this, as to encourage public service loyalty, a need for motivation in public service becomes necessary. Appreciation in terms of organizational rewards for loyal and performed employees is practiced in public organizations (Wagner, 2011). Government rewards are not contractable and they are

the repeated interactions. By being loyal to their organizations, by being partial, by competing with and acting against others, government officials serve the common interest (Tholen & Mastenbroeck, 2013). Public servants become more involved with the public than just merely executing policy (De Grafl, 2010). The exit, voice and loyalty theory introduced by Hirschman reflect the situation when anybody or any firm faces unsatisfactory situation, they can exit from that situation. Loyalty, in this sense, modifies the scenario in which when a person faces a situation, and he or she feels it is their right to defend himself or herself. Thus, he or she will voice up in defence. In public service, both situation cannot be applied as public needs service from the service provider (Campbell, et al., 2007). As such, Nor Zaini and Kuppusamy (2018) stated that, the theory can be redirected towards loyalty of public employees to the organizations if the employee tries to improve the work performance instead of leaving the organization and give poor performance.

Ethical Accountability and Public Trust

Junaid, et. al, (2005) portrayed the framework of accountability relationship which the involvement of at least two relationships of accountability. The relationships works between clients as citizens, policymakers or politicians and service provider. According to Junaid et. al., (2005), the long route of accountability is where the clients as citizens can hold policymakers or politicians to be accountable in allocating resources towards the services. In turn, policymakers or politicians can hold the service provider as accountable for delivering the service. As such, accountability is served as the benchmarks in performance measurement in New Public Management (NPM). The decline of public trust has been studied and proven by several researchers where there is a decline in most of the countries today. The solution to this problems is through the instillation of ethical accountability (Martinesen & Jorgensen, 2010). Ethical accountability is described as ethical behaviors that should be put at the the forefront of government service delivery. Choudhury (2008) remarked that the condition of trust is based on moral or ethical conduct or disposition. In this sense, it is a need to examine the moral values that can make certain behaviors ethical (Choudhury, 2008). Public are used to evaluate government performance by judgement through ethical conduct almost all the time. Thus, they tend to be critical and expressive in dealing with government institutions (Ryzin, 2009).

Public trust is subjective, complex and multidimensional, and it consists of cognitive and effective components (Taylor-Gooby, 2008). The scrutiny on public trust

is about whether or not the public officials do their work in a correct manner. On this part, the trust of public towards government and the organization within government is based on the generalized trust isrealized through social interactions and experiences. However, the interaction between public and government, specifically public officials, does not always bring positive result. However, continous interaction between both parties can lead to satisfaction and eventually trust. Trust is not gained spontaneously but it is developed over a repeated interaction and persist after some time (Wang & Wart, 2007).

Accountability, Organizational Loyalty and Public Trust

Weber distinguishes two types of civil servants which are tenured professionals and elected politicians. Administrative loyalty lies in his terminology of politics as vocation. The politicians in a democratic system are accountable to parliament and through it, the people, thus, accountability is within this sphere of relationships as understood through the general principle of democracy (de Grafl, 2010; Tholen & Mastebroek, 2013). This implies that administrative and political loyalty in Weber's ethos which is associated with accountability. However, Weber's loyalty comes towards several critiques in which the application of administrative and political loyalty is not as simple and straightforward in recent trends of government (Moynihan & Robers, 2010; Tholen & Mastebroek, 2013).

The evidence of loyalty in public service is often translated into loyalty or affection to an area. It means that voice can be used to improve quality of service and serves to show that the public are motivated for an effort to improve and support the public service (Dowding & John, 2008). Hirschman's loyalty in the public sector can be referred to the loyalty towards an organization (de Grafl, 2010). In this sense, loyalty is expressed through being faithful to an organization and through the willingness to sacrifice. However, a civil servant's dilemma might occur when he has to follow decision from his superior and it concerns the authority of political power where the aim is more towards political interest (de Grafl, 2010; Dowding & John, 2008). Tholen and Mastebroek (2013) stressed the need for check and balance in exercising loyalty towards an organization, politician, or an individual.

The above point centre around public trusts that have become the recent focus in government agencies, and where public trust becomes essential values in practicing

good governance in any local government. In addition, trust in government refers to the level of confidence that citizens have in their government to 'do the right thing'; to act appropriately and honestly on behalf of the public (Barnes & Gill, 2000). According to Jung & Sea (2012), public trust in government is one of the key factors that determine the government competitiveness.

METHODOLOGY

This paper attempted to investigate on Malaysian local authorities in terms of public service loyalty. Selangor local authorities and Kuala Lumpur are chosen as the representatives of government. These local government are selected in this study because they represent the field government and most services delivered to public directly by these local authorities. Local government is the field government and they are at the forefront as the service provider and their performance reflects the government in power. The success or failure in service delivery portrays the credibility of government. Thus, the sampling frames are taken from local government employees in five local authorities in the state of Selangor and one local authority in the Federal Territory of Kuala Lumpur. The local authorities officers were approached and then later, they distributed the questionnaires to their members in the respective departments. This was done following the internal procedures and regulation to reach the employee as respondents. From 1300 sets of distributed questionnaires, we managed to get 46.8% response rate, comprising of 608 respondents.

Three research questions were developed for this study which are:-

- RQ1 What is the relationship between accountability and loyalty in local government service delivery?
- RQ2 What is the relationship between trust and accountability in local government service delivery?
- RQ3 What is the relationship between loyalty, accountability and public trust in local government service delivery?

Based on the research questions above, three hypotheses were developed for this study namely;

- H1 Accountability influences loyalty in local government service delivery

- H2 Loyalty influences public trust in local government service delivery
- H3 Loyalty mediates the relationship between accountability and public trust in local government service delivery.

RESULT AND DISCUSSION

In this study, we applied Smart-PLS technique to analyse the data. As to identify whether the items positively correlate to one another, we used Cronbach Alpha to measure inter-item consistency. The measurement model to test on the relationship between accountability and public trust is presented in Figure 1 with loyalty served as mediator variables. The model shows the hypothesized relationship of accountability, loyalty and public trust. The result from the model depicts that all constructs have high value and suitable to be used. All items in the construct for accountability, loyalty and public trust have the Alpha value more than 0.7.

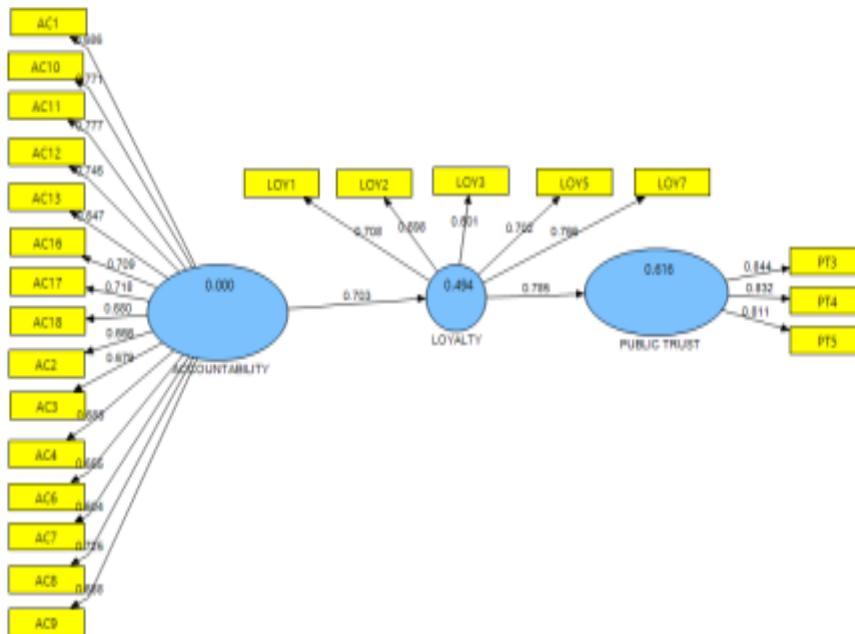


Figure 1: *Result of the Measurement Model*

Table 1 is the test on the reliability of the construct. This study provides the alpha values ranged between 0.778 and 0.932. The Harman single-factor test was also conducted to examine the existence of common method variance. Common method bias is one of the main issues of measurement error, and it weakens the validity of the conclusion about the measures. Consequently, it leads to misleading conclusion. By using the Harman single factor test, un-rotated factor analysis showed that it was 43.9% and thus common method variance was not a danger to the study.

Table 1: Internal Consistency Reliability

Item	Loading	CR	Alpha
Public Trust	0.799-0.806	0.903	0.857
Accountability	0.663-0.775	0.940	0.932
Loyalty	0.784-0.858	0.870	0.778

Note: *Composite reliability (CR) = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings)+(square of the summation of the error variance)}

Fornell-Larcker criterion was used to assess discriminant validity. It compares the square root of AVE with the latent variable correlation. The square root of each construct should be higher than any other construct. The result in Table 2 shows that all off-diagonal elements are lower than the square root of AVE. Table 3 shows the result on hypothesis testing. The result showed that all hypotheses were found to significant and supported.

Table 2: Inter-correlation Matrix

Item	Accountability	Loyaty	Trust
Accountability	0.728		
Loyalty	0.637	0.832	
Trust	0.631	0.621	0.827

Note: Diagonal (in bold) represent the square root Average Varinace Extracted (AVE)

Table 3: Hypothesis Testing

Hypothesis	Relationship	Beta	Se	t-value	Decision
H1	ACC → LOY	0.637	0.028	22.413***	Supported
H2	LOY TRUST	0.065	0.036	1.816**	Supported
H3	ACC LOY TRUST	0.053	0.022	2.369***	Supported

Note: *significance at 0.10, ** significance 0.05, *** significance at 0.01

The main focus of this research is to test on the hypothesis of direct and indirect relationship between the three construct of accountability, loyalty and public trust. In this sense, loyalty serve as mediator variable. To study on the mediation effect, we used Preacher and Hayes technique to test whether the indirect effect of the independent variable on the dependent variable through the mediator is significant or not (Hayes, 2013). Current perspectives focused on the statement that mediation analysis should be weighed more towards evaluating the immensity and significance of indirect relationship between accountability and public trust. The three hypotheses tested for the influence of accountability, loyalty and public trust were supported and have definitive result. It also proof further on the impact of loyalty as significant mediator to public trust. In fact, loyalty can now be regarded as important and the role of organizational loyalty is confirmed in securing public trust in public sector, most importantly, in local government as service provider and delivery.

The result showed that the three hypotheses were supported and are in lined with the research objective. This has also proven that public trust must be followed by inner values embedded within the public servants. In this sense, organizational loyalty as inner value is supported as mediator variable to influence public trust. The findings corroborates the study by Fard and Rostamy (2017) in which they asserted that public trust cannot be achieved without inserting ethical accountability to public servants. The focus on accountability and public trust is supported by the finding of Yates. et.al. (2021) which explaining further that trust and accountability are the intertwined concept that can be manifested through personal encounter with the respected individuals. The pandemic of COVID-19 has very much affected the issue on accountability and public trust where the governments around the world under the World Health Organization's have laid out 'Ethical Considerations to Guide the Use of Digital Proximity Tracking Technologies for COVID-19 Contact Tracing'. This document is a comprehensive roadmap to the ethical development especially in advancing contact tracing technology during the pandemic (Ishmaev et. al., 2021).

The role of local government further manifested in providing support to the government during the pandemic of COVID-19. Almost all local authorities in Malaysia served as centre for vaccination. However, is this impacted on the organizational loyalty? Podsakoff and Pierce (2008) associated organizational loyalty to public service commitment. Public employees commitment towards realizing the goal of their organization provides crucial advantages. When loyalty is associated with commitment,

it means that loyal and committed public servants will go into extra miles to attend to the public and show the good image of their organization. As such, Local Agenda 21 (LA21) is a profound effort in softening the tension between public and local communities. Loyal act via commitment to fulfill public wishes is the prove on such terms. In as such, the pandemic of COVID-19 makes the realization of public service commitment in fulfilling government agenda and activities are more apparent and will then, according to Podsakoff and Pierce (2008) increase employees performance rating.

CONCLUSION

Public trust need to be earned. In fact, public organization should find ways to increase the trust. The trust can be deteriorated and fluctuated depending on the performance of the frontline services. In this study, local government are always tested and questioned. With this regard, government in power can have several understanding on; incorporating ethical accountability in their daily activities; organizational loyalty via commitment towards fulfilling duties need to be attended and motivated. The advent of technology needs to be fully utilized by the government. Less commitment by the public servants can reduce public trust. The enthusiasm in fulfilling duties means a lot to the public. Any act of disloyalty should be avoided and local government as service provider should play their role and realize the aspirations of government in power. Future research should be focusing on the impact of technology towards organizational loyalty and examine the mechanism that could be used to instill motivation and commitment to the public servants. By all means, organizational loyalty is a trending and unavoidable values that needs to be addressed carefully and at par with other ethical values.

References

- Ahmad Atory Hussin & Malike, B. (2006). Administrative Modernization in the Malaysian Local Government: A Study in Promoting Efficiency, Effectiveness And Productivity. *Pertanika Journal of Social Science and Humanity* 14(1), 51 – 62.
- Campbell. R., Dowding. K., John. P. (2007). Modelling the Exit-Voice Trade Off: Social Capital and Responses to Public Services. In Paper for the *Workshop*

- “Workshop on Structural Equation Modeling: Applications in the Social Sciences”, Centre for Democracy and Election, University of Manchester.
- Choudhury, E. (2008). Trust in Administration: An Integrative Approach to Optimal Trust. *Administration & Society*, 40(6), 686-620.
- Deghan, A., & Shahin, A. (2011). Customer Loyalty Assessment: A Case Study in Maddiran, the Distributor of LG Electronics in Iran. *Business Management Strategy*, 2(1), 1-23.
- De Grafl, G. (2010). The Loyalties of Top Administrators. *Journal of Public Administration Research and Theory*, 21, 285-306.
- Dowding, K., & John, P. (2008). The Three Exit, Three Voice and Loyalty Framework: A Test with Survey Data on Local Services. *Political Studies*, 56, 288-311.
- Fard, H.D., & Rostamy, A.A.A. (2007). Promoting Public Trust in Public Organizations: Explaining the Role of Public Accountability. *Public Organization Review*, 7, 331-344.
- Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010). *Multivariate Data Analysis: A Global Perspective*. Singapore:Pearson.
- Harding, A. (1996). Law, Government and the Constitution in Malaysia: Kuala Lumpur: *Malayan Law Journal Sdn Bhd*.
- Hayes, A.F. (2013). *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*. London: The Guilford Press.
- Inglehart, R. (2008). Changing Values Among Western Publics from 1970 to 2006. *West European Politics*, 31(1-2), 130-146.
- Ishmaev, G., Dennis, M., & Van den Hoven, M.J. (2021). Ethics in the Covid-19 Pandemic: Myths, False Dilemmas, and Moral Overload. *Ethics and Information Technology*. <https://doi.org/10.1007/s10676-020-09568-6>
- Junaid. A., Shantayanan. D., Stuti. K., & Shekhar. S. (2005). Decentralization and Service Delivery. *Policy Research Working Papers*, 1-27. Doi:<http://dx.doi.org/10.1596/1813-9450-3603>
- Levy, J.T. (2007). Federalism, Liberalism and the Separation of Loyalties. *American Political Science Review*, 101(3), 459-477.
- Martinsen, D., & Jorgensen, T.B. (2010). Accountability as a Differentiated Value in Supranational Governance. *The American Review of Public Administration*, 40, 742-759.
- Milne, R.S., & Mauzy, D.K. (1978). *Politics and Government in Malaysia*. Federal Publications: Kuala Lumpur.

- Nor Zaini, Z.A., Kuppusamy, S., & Zahherawati, Z. (2015). Diminishing Obligations of Local Government: Effect on Accountability and Public Trust. *Procedia-Social and Behavioral Sciences*, 1-5.
- Phang, S. N. (2008). Decentralisation or Recentralisation? Trends in Local Government in Malaysia. *Commonwealth Journal of Local Governance*, 1(1), 1-28.
- Podsakoff, P., & Pierce, J. (2008). Effects of Task Performance, Helping, Voice, and Organizational Loyalty on Performance Appraisal Ratings. *Journal of Applied Psychology*, 93(1), 125-139.
- Tholen, B., & Mastenbroek, E. (2013). Guardian of the Law or Loyal Administrators: Towards a Refined Administrative Ethos for Legislative Drafters. *Administrative Theory and Praxis*, 35(4), 487-506.
- Ryzin, G.G.V. (2009). Outcomes, Process and Citizens' Trust of the Civil Service. *Paper Presented for the 10th National Public Management Research Conference*, Columbus, Ohio.
- Siddique, N.A. (2013). Introduction. In N.A.Siddique (Ed), *Public Management and Governance in Malaysia* (pp. 1-30). New York: Routledge.
- Sofian Kochik. (2012). Budget Participation in Malaysian Local Authorities. Unpublished PhD Thesis Aston University: Birmingham.
- Wagner, A.F. (2011). Loyalty and Competence in Public Agencies. *Public Choice*, 146, 145-162.
- Wang, X., & Wart, M.W. (2007). When Public Participation in Administration Leads to Trust: An Empirical Assessment of Managers' Perceptions. *Public Administration Review*, 67(2), 265-278.
- Yates, D., Belal, A.R., Gebreiter, F. & Lowe, A. (2021). Trust, Accountability and 'the Other' within the Charitable Context: U.K. Service Clubs and Grant-Making Activity. *Financial Accountability Management*.
<https://doi.org/10.1111/faam.12281>

Acknowledgements

The authors expressed their heartiest gratitude to the anonymous people for helping the paper to be successfully completed

Funding

This paper is self funded

Author contributions

Nor Zaini Zainal Abidin (PhD): Main author and corresponding author.

Mohd Kasri Saidon (PhD): Overall check on the language and organization of the layout

Azni Syafena Andin Salamat: Responsible for the write-up of the first part of the paper

Conflict of interest

Not applicable