

# A Study on Locus of Control and its Impact on Employees' Performance

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**Abstract:** *Internal or external locus of control plays an important role for an individual to sustain the efficacy and usefulness of learning performance. The knowledge and experiences gained by the person by means of organizational learning are a vital factor in increasing their performance. In this context, it is necessary for organizations to fulfill learning function in an arrangement and to use this function oriented to the improvement of the person. Many studies have determined whether employees have the internal or external locus of control; furthermore, which locus of control they possess in the learning period. The individuals, who have the internal locus of control, think that they have a big role on affecting the events which influence their lives. Furthermore, they assess themselves as possessing the power for the attitude they want to display by having the positive ego concept, and they believe that they can direct their lives whatever way they desire. It is believed that decision makers' proneness to rely on mechanical decision aids and results indicate that decision makers with an external locus of control appear to rely more on given aids than those with an internal locus of control.*

**Keywords:** Internal Locus of Control, External Locus of Control, Performance, Learning.

## 1. Introduction

In the globalizing and changing world, organizations need to adapt to new environmental conditions. To be successful in these new conditions, organizations need to create value for their customers. It is important for the organizations to appreciate their employees to have better position than rivals. In order to acquire the information, produce and distinguish it in the organizations, information is required to be organized according to the needs of the employees, adopted, and evaluated by the organization. At this point, organizational learning has a considerable effect on increasing the success of the organizations.

The concept 'locus of control' derives from social learning theory. Sited in his 1966 monograph, J.B. Rotter defined locus of control as the degree of control that individuals believe they have over the outcome of certain situations. When reinforcement is perceived by the subject as following some action, then it is typically perceived as the result of luck, chance, fate, as under the control of powerful others, or as unpredictable because of the great complexity of the forces surrounding him. Thus, the person who believes that he/she has control over his/her life is internally controlled. The person who believes that he/she is controlled by luck, chance, and fate or powerful others are externally controlled.

Locus of control focuses on ability to cope with uncertainty. While the individuals who have less tolerance resist to the change, the ones with high tolerance can adapt to the change more easily. If an individual can make self-control and has the belief that he/she is the dominant of his/her fate, he/she can give positive reactions to the change. Individuals are classified in two groups according to locus of control. The first group is internals, and the other is externals. The individuals with internal locus of control have the belief that they can monitor the events or situations with their own fate and they have a strong belief in themselves and their abilities in life. They believe that the reactions that they take from environment are the causes of their attitudes. On the other hand, the individuals with external locus of control relate the events and situations, success or failures to the factors not related to them. For example, they attribute success to

backing; however, they base failure upon environmental factors (Kutanis, 2010; Sargut, 2001).

## 2. Literature Survey

Locus of control refers to one's belief in his or her abilities to control life events (Strauser, 2002). In other words, locus of control is defined as one's thoughts of his/her belief that his/her own power or forces out of his/her control are influential in any positive or negative situation occurring during his/her life (Sardogan, 2006). The belief of locus of control is related to what reinforcements have happened throughout the individuals' lives, namely the results, prizes, their success or failures, refer to. These attributions refer not only to chance, fate, and powerful people out of one's control, but also to the results of his/her own attitudes (Basim and Sesen, 2006). While one's control on his/her own life dependent on chance, fate and powerful people is explained as external control; maintaining the individual control over one's life on his/her own is described as the internal control (Rotter, 1966). When environmental conditions are not sufficient to explain individuals' success or failures, locus of control can facilitate in making these situations clear. For instance, individuals may sometimes perceive good and bad events in different ways. To mention that these different ways are based on external and internal forces (Taylor, 2006).

The concept of locus of control has an essential place in literature in helping students who have difficulty in learning and attitude. Locus of control is one of the vital concepts in the context of learning difficulty and attitude change. This concept covers the idea that individuals, throughout their lives, analyse the events as their attitudes or they believe that those events result from chance, fate or outside forces (Erdogan, 2003). Rotter (1966), in his study regarding Social Learning Theory, ascertains that some students display the prizes or reinforcements gained as a result of their knowledge and abilities while some other students display the forces out of their control. Rotter (1966), basing on his study, expresses the situations in which reinforcements occur according to the attitudes of the individuals as individuals' locus of control. Whereas he assesses the

situations, after which reinforcements occur out of the individuals attitudes, as the individual's external locus of control.

In the last decade learning performance has become a crucial concept owing that to the importance of factors such as the qualities of leaders, the impact of global environment, information, labour, and technology in Organizations (Molina and Callahan, 2009). In literature, so many studies determined that there is a positive correlation between learning and performance (Michna, 2009). Learning brings benefits for the organization if it is performed by all members. It is required to develop a culture of continuous learning, taking responsibility, gaining value constantly, focusing on flexibility and adapting to increase the effectiveness of the organizational learning. The purpose of organizational learning is to increase performance of the organization in the future and to produce new information which is going to change the attitudes of the employees of the organization (Kuru, 2007).

In the study conducted by Basim and Sesen (2006), it has been determined that most of the subjects had internal locus of control and individuals with internal locus of control had more tendencies to help and perform courteous attitudes when compared with the ones with external locus of control. Chen and Silverthorne (2008) have also mentioned that these qualities of the individuals with internal locus of control have considerable impact upon work performance and content levels. In our research, in the light of analysis regarding the effect of locus of control on students' learning processes, it has been ascertained that locus of control has a vital influence on method, ability, and noticing factors of the learning dimensions. The findings of the research show similarities with the studies conducted by Basim and Sesen (2006) and Chen and Silverthorne (2008).

An investigation of Longenecker et al. (1992) dealt with the role of affect in executive judgement and managerial perception and judgement of subordinate employees. In a manipulation of performance ratings, the results suggested affect as a source of rating bias. Parker (1999) criticised the validity of the Vroom-Yetton model in a study on implicit theories related to the model due to its reliance on managers' self-reports of both their behaviour and decision outcomes. The author argued the presence of implicit theories of performance information to be a possible source of bias on ratings of leader decision-making behavior. Reichel and Mehrez (1994) discussed unfair ratings on performance and suggested characteristics of the rater to influence evaluation as a bias because of, among other factors, cognitive processes, prejudice and emotions. In a study conducted by Spreitzer and Mishva (1999) trust and control was discussed in relation to managers' willingness to include lower echelon employees in the decision-making process. The authors stated that many managers are hesitant to do this due to fear of losing control and that trust or performance information and incentives are required to enhance the willingness to apply participative decision-making.

The literature available on Locus of Control and academic achievement was reviewed by Findley and Cooper. They compiled 98 studies (consisting of 275 testable hypotheses) where a Locus of Control and academic achievement

measure was compared. A statistically significant positive correlation was found for 193 of the 275 hypotheses. In other words, 70% of these hypotheses found internals to have significantly higher academic achievement than externals. Bar-Tal and Bar-Zohar reviewed 36 studies that examined the relationship between Locus of Control and academic achievement among children, adolescents and adults. They also found a positive correlation relationship between the two variables, regardless of population being examined.

The relationship between LOC and academic achievement is convoluted. Intuitively, students who attribute success to internal factors are likely to expect future successes; students who attribute failure to internal factors may expect future failure unless they consider themselves capable of and actively address those factors. Conversely, attributing success to external factors would make future successes unpredictable and deem the student powerless to address what they perceive to be uncontrollable factors. Within the domain of education, internal LOC has been found to be a positive predictor of academic achievement and external LOC to be a negative predictor of academic achievement. In the present study, LOC is measured using a domain-specific academic LOC scale. According to Ray, these conclusions are expected based on Rotter's theory of Locus of Control.

An individual with internal control expects to be rewarded for performing specific behaviors. Therefore, the internal individual exerts the effort to achieve academically, and feels great pride when it is obtained. This positive emotional experience, in turn, makes achievement more appealing, which increases the performance of specific behaviors, and strengthens the expectation of reward. Major literature reviews showed that internals and externals differed in numerous ways, particularly in terms of their cognitive activity and environmental mastery. Because they are more perceptive of their situations, internals seem to exert more control over their lives in part by their knowledge of their environments. That is, internals more readily acquire and utilize information that is relevant to their goal situation even when it seemingly is not relevant.

A study on Impact of Locus-of-Control on Internal Auditor Job Performance and Satisfaction by Dennis M. Patten based on a sample of 50 internal auditors drawn from six different Midwest-based corporation's finds that those internal auditors with more internal locus-of-control tendencies appear to outperform cohorts with more external traits. These results, however, are somewhat contingent on how "internal" is categorized. Contrary to expectations, reported job satisfaction levels for internals (regardless of classification scheme used) are not significantly different from internal audit sample members with more external locus-of-control. However, internal auditors with an apparent conflict between their locus-of-control and their perceived level of audit structure do report significantly lower levels of job satisfaction than cohorts without such conflict. Overall, these results suggest that an understanding of audit structure and its relation to locus-of-control may aid internal audit departments looking to increase performance and/or retention of their staff. Park and Kim have conducted two studies to investigate the relationship between behavior patterns, locus of control and academic achievement. The

first study analyzed behavior patterns and locus of control in university honored students holding scholarships comparing with low achievers. Findings from the first study revealed that high achievers showed higher internalized locus of control and lower externalized locus of control. The focus of the other study was on interrelationship between locus of control and academic achievement in three groups: Korean, Chinese, and Korean-Chinese students. A 40-items questionnaire relating to locus of control, personal demographics including gender, and accumulative average was used. Findings showed a tendency toward internalized locus of control in favor of Korean students. The study also showed positive relationship between internalized locus of control, academic achievement, and achievement, which was in favor of Korean students too.

### 3. Research Approach

For this study secondary data was used extensively. Many research articles, journals, surveys and case studies were studied and analyzed to have idea about probable relationship between type of locus of control and performance or learning capability of employees.

### 4. Conclusion

From the above discussion we can say that there exists positive correlation relationship between internal locus of control and performance of employees. Although the correlation may not be high it is an eye opener for corporate world who have to aspire to increase the goodwill of their respective companies. At the macro level company's governance and administrators should develop policies regarding coaching mentoring and counseling their employees. Advisors should go beyond the work related areas and help their employees to improve and understand how their perceptions of self and their environment may shape their performance at work. Work related and personal mentoring of employees serves as a tool to a healthy attitude towards work, habits, orientation to others, company and competitors. Employees with these characteristics perform better than those without these traits.

Many studies have provided evidence of the impact individual behavioral variables can have on performance and job satisfaction. Specifically, the findings show that perceived performance and job satisfaction were affected by the interaction between degree of involvement and the type of locus of control which an employee is having. An analysis of the nature and form of the interaction revealed, as expected, that managers with the internal locus of control performed better and had a higher degree of job satisfaction in their job.

### 5. Future Scope

As this research was done on the basis of series of existing literature still same can be done by carrying out primary research in private and public sector units; and it will in turn give more depth detail of an impact of type of locus on performance level of employees based on type of sector to which they belong.

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### Author Profile



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