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# EDITORIAL

Under the designate of “JOURNAL OF MANAGEMENT RESEARCH (JMR)” (ISSN:1596-1907), we anchor a quarterly published journal encompassing the diverse realms of Business Administration discourse. With every sense of responsibility we present the eleventh edition of the Journal for 2017.

This edition is timely with the changes of organizations, activities, intense competition amongst others. Recent years have witnessed changes on how services are delivered to customers as well as advances in technology; of course the global best practice in the methodology of academic journal writing assisted in sustaining this journal to date.

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The business world has been struggling with how effective to organize the delivery of services that are unpredictable and customized. The problem is, being capable of combining knowledge and skills compliantly around the transforming tasks.

Therefore, it is imperative to discuss topical issues as found in this edition which include: Effect of Strategic Planning on Market Creation of United Africa Companies of Nigeria (UACN), Evaluation of Human Resource Management (HRM) Practices and Organizational Resilience, the Dehumanizing side of Human Resource Outsourcing and the Work Attitudes of Outsourced Workers in the Post-consolidation Banking Industry in Nigeria amongst others.

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**Dr. (Mrs) Ann I. Ogbo**, *FUAAMP; FCAI*  
Editor -in- Chief

# Role of Hope and Resilience in Emotional Job Demands-Work Engagement Link: An Application of the Demand-induced Strain Compensation Model

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## **Abstract**

*Over the years, a number of models were developed that investigated the mechanisms underlying stress in the workplace. Research has identified that an increase of job demands is connected with negative job outcomes and that some variables could moderate this connection. Based on theoretical assumptions underlying the Demand-Induced Strain Compensation (DISC) model, the current study attempts to examine whether trait hope and resilience, both which are personal resources could moderate the relationship between perceived high emotional job demands and work engagement in the context of work in the Ivory tower. Survey data were obtained from 221 academic staff of two universities in south-east, Nigeria. Multiple hierarchical regression analyses revealed that perceptions of high emotional job demands was negatively related to work engagement. It was also found that trait hope and resilience were significantly and positively related to work engagement. As expected, the negative link between perceptions of high emotional job demands and work engagement was moderated by trait hope and resilience. Findings and implications of the study were discussed and limitations highlighted along with suggestions for future research.*

**Keywords:** High emotional job demands, work engagement, trait hope, resilience, Demand-Induced Strain Compensation Model.

## **Introduction**

The direct and interactive roles of job demands and resources on various work-related outcomes are well documented (Airila, 2015; van Woerkom, Bakker, & Nishii, 2016; Xanthopoulou, Bakker, & Fischbach, 2013). The model that often emerges is that job demands sap energy and are distinctive predictors of strain, whereas job resources have motivating potential (Hackman & Oldham, 1980; Tadić, Bakker, & Oerlemans, 2015) and mostly predict work engagement (Bakker & Demerouti, 2014). To date, there is paucity of evidence for the interaction between personal resources and job demands as earlier studies overlooked personal resources in favour of

job resources in dealing with the consequences of high emotional job demands. Xanthopoulou, Bakker, Demerouti, and Schaufeli (2009a) were very critical to state that among several research models that form a starting point for identifying relevant resources, such as the Job Demands-Control (JD-C) model (Karasek & Theorell, 1990), the Job Demands-Resources (JD-R) model (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Bakker & Demerouti, 2007), and the Demand-Induced Strain Compensation (DISC) model (De Jonge & Dormann, 2003); personal resources were ignored. It was only recently that personal resources were added to these models

(Xanthopoulou et al., 2009a). This late inclusion of personal resources into these models may be partly responsible for the dearth of studies on personal resources compared to job resources. It is however disturbing to note that after several years of incorporating personal resources into the JD–R model in particular; the construct has not been given adequate research attention. For this reason, Xanthopoulou, Bakker, Demerouti, and Schaufeli (2007) indicted earlier researchers for limiting studies on JD–R model to job characteristics. It could be this indictment that provoked recent studies on personal resources and their mitigating roles.

However, despite the recent upsurge in studies on personal resources as intervening variables, there are obvious limitations. For example, Schaufeli and Taris (2014) observed that the results of the few studies available suggest that findings may vary across different combinations of personal resources, job resources, job demands, and outcomes. Airila (2015) emphatically stated that job demands, job resources and personal resources may differ between occupations, and that, understanding the work context is important in examining employee behaviour. It is therefore pertinent to examine these relationships in the work context in the Ivory tower and this is one of the areas that make this study unique.

Among occupational groups that have been largely ignored in organisational behaviour research, teachers stand out. In teaching profession, huge emotional demands are evident (Bakker & Demerouti, 2007). This emotional workload may evoke chronic fatigue and finally burnout, which may lead to psychosomatic disorders and complaints as well as disruptions in pedagogical performance (Rudow, 1999). Disruptive students' behaviour is also an important predictor of teachers' strain (e.g., Evers,

Tomic, & Brouwers, 2004; Bakker, Hakannen, Demerouti, & Xanthopoulou, 2007).

Promoting work engagement is essential in today's teaching profession in which tremendous increase in students' interaction with lecturers to improve students' knowledge, especially now that their social and emotional development has become very intense and challenging. At the same time, the task of teaching and research which are the core of lecturers' job description are daily producing fresh requirements, which expose lecturers to huge job demands with exhaustion, absenteeism and other negative work attitudes and behaviours as side effects (Bakker et al., 2016; van Woerkom et al., 2016; Bakker, van Veldhoven, & Xanthopoulou, 2010). As such, both health-related and affective qualifications of lecturers which were initially required as recipe for success are no longer sufficient. High levels of motivation and engagement are now needed more than ever before (Airila, 2015).

### *Previous Studies*

To our knowledge, there are very few empirical studies showing that personal characteristics modulate the effect of emotionally demanding conditions on work engagement. Specifically, Heuven, Bakker, Schaufeli, and Huisman (2006) in a cross-sectional study showed that self-efficacy buffered the effect of dissonance on work engagement. Xanthopoulou, Bakker, Demerouti, and Schaufeli (2007) examined the role of self-efficacy, organisational-based self-esteem, and optimism in predicting work engagement and exhaustion. The results revealed that these personal resources did not offset the relationship between job demands and exhaustion. Xanthopoulou, Bakker, and Fischbach (2013) found that self-efficacy

and optimism had buffering effects on work engagement when emotional job demands are high. In another study, Bakker and Sanz-Vergel (2013) tested the boosting effect of personal resources and hypothesised that weekly emotional job demands could facilitate the positive impact of self-efficacy and optimism on weekly work engagement. The results showed that emotional job demands strengthened the effect of these personal resources on weekly work engagement. Recently, Airila (2015) examined the longitudinal effects of work characteristics (i.e., job demands and resources), personal resources, and lifestyle on employee well-being. The results showed that job resources (*supervisory relations, interpersonal relations, and task resources*) and personal resources (*self-esteem and optimism*) had long-term effects on work engagement.

#### *Current Study*

This study attempts to fill in the gaps in current organisational behaviour literature by providing a comprehensive perspective of lecturers' affective well-being (i.e., work engagement) through investigating one of its antecedents and potential moderating factors. Prior studies on emotional job demands focused majorly on human service professionals and care providers such as nurses (e.g., Bakker & Heuven, 2006) and police officers (e.g., Kop, Euwema, & Schaufeli, 1999). Only few studies (e.g., Hakanen, Bakker, & Schaufeli, 2006; Bakker et al., 2007; Lorente, Salanova, Martinez, & Schaufeli, 2008) examined emotional demands of teachers working in elementary, secondary, and vocational schools. And most of those studies focused on the buffering roles of job resources (autonomy, social support, supervisory coaching, and feedback) in predicting burnout and engagement (Bakker, Demerouti, & Euwema, 2005; Lorente et

al., 2008). Specifically, by examining moderating roles of trait hope and resilience on the relation between high emotional job demands and work engagement of university lecturers, this current study makes an essential and distinctive contribution and brings novel information into the positive organisational behaviour literature as well as in the teaching profession because no study has to our knowledge tested such interactions.

This present study adopted the Demand-Induced Strain Compensation (DISC) model (de Jonge & Dormann, 2003) to explaining the processes underlying the moderating effect of hope and resilience in the link between high emotional job demands and work engagement. There is strong evidence that high job/personal resources protect employees from negative job outcomes inflicted by an increase of job demands (e.g., Demerouti et al., 2001), but the empirical research exploring their moderating role produced inconclusive results (van den Tooren, 2010). This limitation paved the way for the emergence of the DISC model that has provided high degree of clarity by focusing on identifying conditions that need to be met in order for moderation effects to become more apparent. This was only possible because the DISC model has some unique principles; multidimensionality of concepts, the triple match, the compensation, and the balance principle that seem to be lacking in other related models. For instance, the multidimensionality of concepts points out that job demands, job/personal resources and job outcomes are multidimensional and can be divided into cognitive, emotional and physical domains and each is concerned with specific job-related activities. For example, excessive cognitive job demands could lead to memory problems, dealing with irate customers could lead to emotional

exhaustion and lifting heavy objects could be a cause of a body pain (van den Tooren, 2010). The triple match principle states that the moderating effect of job resources is more likely to occur when job demands, resources and job outcomes are all concerned with the same domain. For example cognitive resources will be more likely to moderate the relationship between cognitive job demands and cognitive job outcomes (Van den Tooren, de Jonge, & Dormann, 2011). de Jonge and Dormann (2003) stated that as the level of match between job demands, resources, and job outcomes increases, the likelihood of finding a moderating effect of these resources increases.

Furthermore, the compensation principle suggests that the adverse effects of high job demands on workers' health and well-being can be neutralised when the employees' resources are sufficient to deal with the job demands. Additionally, the resources which are matching the demands will be causing the strongest compensation (van den Tooren 2010). The last principle is the balance principle which argues that the combination of high job demands with matching job resources, leads to employee activation (e.g., learning, performance and creativity). This for example suggests that the same employees who are confronted with high physical demands may experience increase in productivity as long as the employee has sufficient amount resources to address the job demands. This however will be less likely to occur when the resources at employees' disposal are insufficient.

This current study does not attempt to test the DISC model, but rather to lend support and to account for the findings regarding the principles of the DISC model. Specifically, as demonstrated by previous findings, a stress buffering effect of the job/personal resources on the relationship between job demands and job outcomes is the most

evident in a case of the triple match. However, this study is restricted only to the relationship between emotional job demands and work engagement, and rather than focusing on the mitigating effect of job resources, a role of a personal resources hope and resilience was investigated. Theoretically, it is explained that high emotional job demands that represent features of teaching profession (Bakker & Demerouti, 2007) potentially induce strain, especially when such high demands exceed lecturers' adaptive capability, but availability of high personal resources (e.g., trait hope and resilience) have the potential to compensate for lecturers emotional state which in turn makes them to behave in a way that has positive consequences for their university.

The findings of our study have the potential to advance our understanding regarding the underlying strengths of hope and resilience in moderating the negative impact produced by high emotional job demands to create work engagement among lecturers. In the subsequent sections that follow, we review earlier related literature on our variables of concern and provide the platform for developing hypotheses. Next, the method adopted for our study was presented, and then we tested our stated hypotheses, which were closely followed by result presentation. Afterwards, discussion of the findings, implications of the study, limitations and suggestions for future studies were highlighted. The study ended with conclusion.

### *Literature Review*

#### *Employee Work Engagement*

Work engagement is defined as a positive, fulfilling work-related state of mind (Schaufeli & Bakker, 2004). It is a satisfying experience for many employees accompanied by stimulating and energetic feelings (vigour), an important and

meaningful pursuit (dedication); and as engrossing and something on which they are fully concentrated (absorption) in one's work (Derks, van Duin, Tims, & Bakker, 2015; Bakker, Schaufeli, Leiter, & Taris, 2008). Engaged workers are bursting with energy and experience a sense of meaning, enthusiasm, and challenge (Bakker, 2011; Bakker & Sanz-Vergel, 2013). They also receive the highest performance ratings from their supervisors and clients (e.g., Bakker, Tims, & Derks, 2012; Halbesleben & Wheeler, 2008). In addition, engaged workers exhibit extra-role behaviours – behaviours that are not prescribed and not recognised by the organisation's reward system but contributes to organisational effectiveness, and which are not punished if neglected (Christian, Garza, & Slaughter, 2011). Since work engagement has been found to be related to positive outcomes at work, including organisational commitment (e.g., Hakanen, Bakker, & Schaufeli, 2006), job performance (Salanova, Agut, & Peiro', 2005), and work-unit innovativeness (Hakanen, Perhoniemi, & Toppinen-Tanner, 2008) which may be truncated by high emotional job demands, finding possible moderators that would curtail this negative effects on work engagement becomes imperative.

Job demands refer to those physical, social or organisational aspects of the job that require sustained effort at the physical or cognitive levels (Bakker, Rodríguez-Muñoz, & Vergel, 2016), that are associated with physiological and/or psychological costs (Xanthopoulou et al., 2007). Job demands consist of quantitative and emotional obligations. Quantitative job demands refer to the degree to which employees are required to work fast and hard and have much work to do in a short time, or permanently have a great deal of work to do; emotional job demands which is the focus of the current study refer to those

aspects of the job that require sustained emotional effort because of interactional contact with clients (de Jonge & Dormann, 2003). Emotional job demands refer to the emotionally charged interactions at work (Heuven, Bakker, Schaufeli, & Huisman, 2006) that are considered to be an important source of job strain (Totterdell & Holman, 2003). Xanthopoulou et al. (2013) argued that emotionally demanding conditions require energy investment that may exhaust employees' resource reservoir, which may lead to difficulty for the employees to experience work engagement. When energy is depleted, job strain is likely to occur. This is in line with Baumeister, Bratslavsky, Muraven, and Tice's (1998) theory on ego depletion, which suggests that acts one willingly engages in, draw on a limited portion of energy resources and it requires some agencies such as personal resources to interact with high emotional job demands to produce positive job behaviours.

Personal resources are some of the agencies that moderate high emotional job demands to create positive feeling or work-related well-being. They are aspects of the self that are generally linked to resiliency and refer to individuals' sense of their ability to be in charge of one's environment and to exert meaningfully upon it (Hobfoll, Johnson, Ennis, & Jackson, 2003; Xanthopoulou et al., 2007). Personal resources have been acknowledged as the most essential determinants of work engagement jointly with job resources (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009b). Employees high in personal resources are more likely to invest energy in order to experience harmony between their expectations and their goals (Luthans & Youssef, 2007). It has been revealed that such positive self-evaluations predict various positive job behaviours and outcomes such as goal-setting, motivation, performance, job and life satisfaction, and



other desirable outcomes (Bakker & Demerouti, 2014). The reason for this, is that the higher an individual's personal resources, the more positive the person's self-regard and the more goal self-concordance is expected to be experienced (Judge, Bono, Erez, & Locke, 2005). Although researchers (e.g., Xanthopoulou et al., 2013) are beginning to consider personal resources as moderating variables, some of these resources have received little or no attention. Prior studies focused on human service professionals and care providers such as nurses and police officers (e.g., Bakker & Heuven, 2006; Kop, Euwema, & Schaufeli, 1999). We give attention to two personal resources namely; trait hope (Snyder, 2000) and resilience (Luthans, 2002), both of which have been recognised by Youssef and Luthans (2007) as positive psychological resource capacities heretofore largely overlooked personal resources that meet the inclusion criteria of positivity, theory, research, valid measurement, and open to development, and, especially, applicability and contribution to work-related outcomes (Youssef & Luthans, 2007).

Hope is something that individuals can draw on to help them reach their goals and a resource to use when routes to a goal have been blocked. In other words, hope paves the road for employees to strive for different goals and employ different strategies to meet these goals. Snyder, Harris, Anderson, Holleran, Irving, Sigmon, et al. (1991) asserts clearly that hope is a vigorous cognitive set that is relatively stable across time and situations, despite temporary fluctuations that may be experienced in response to temporary circumstances or events. This implies that hope is both trait-like and state-like. Trait hope is a lifelong cognitive-motivational and goal-oriented construct composed of two distinct yet related elements that influence one's

perception that his or her goals can be achieved. Agency refers to a '... sense of successful determination in meeting goals in the past, present, and the future', and pathways refer to a '... sense of being able to generate successful plans to meet goals' (Snyder et al., 1991, p. 570). Sufficient amounts of the two must be present for successful goal attainment (Visser, Loess, Jeglic, & Hirsch, 2013).

A major question posed to psychologists is, why do some people adapt well following an adverse experience while others adapt poorly? (Sandler, Wolchik, & Ayers, 2008). Resilience, defined as a sense of recovery or one's ability to bounce back despite adverse experience or change (Earvolino-Ramirez, 2007) seems to provide an explanation. Luthans offered that resilience is "the capacity to rebound or bounce back from adversity, conflict, failure, or even positive events, progress, and increased responsibility" (Luthans, 2002, p. 702). Resilience refers to the capacity and dynamic process of adaptively overcoming stress and adversity while maintaining normal psychological and physical functioning (Russo, Murrough, Han, Charney, & Nestler, 2012). Resilience allows for not only reactive recovery but also proactive learning and growth through conquering challenges. In other words, resilience may incorporate both negative setbacks and positive but potentially overwhelming events (Youssef & Luthans, 2007). Resilient individuals have been described as those who accept reality, strongly hold onto meaningful and stable values and beliefs, and possess effective adaptive mechanisms that permit them to make improvisation in unexpected circumstances (Coutu, 2002).

### *Hypotheses development*

#### *High emotional job demands and work engagement*

Recently, researchers have focused on the potential positive impact of emotional job demands on employee well-being. Some studies showed that exposure to emotional demands relate positively to work motivation (e.g., De Jonge et al., 2008), while others found no significant effect (De Jonge & Dormann, 2006). According to the health impairment process, high job demands, which require sustained effort, may exhaust employees' resources and lead to energy depletion and health problems (see Caplan, Cobb, French, Harrison, & Pinneau, 1975). Specific job demands (e.g., emotional demands or workload) have been frequently found to predict exhaustion among various occupational groups (e.g., Bakker, Demerouti, & Euwema, 2005). The past few years witnessed studies that job characteristics can have a huge impact on work-related well-being (e.g., job strain, burnout, work engagement). Research revealed that job demands (high work pressure, emotional demands, and role ambiguity) may lead to sleeping problems, exhaustion, and impaired health (e.g., Doi, 2005; Halbesleben & Buckley, 2004). From the foregoing literature review, it makes empirical sense to speculate that high emotional job demands may be negatively related to lecturer work engagement. We queue behind Xanthopoulou and her colleagues (2009b) to propose that high emotional job demands will have a significant negative relationship with work engagement. Thus the first hypothesis can be formulated as follows:

*Hypothesis 1:* High emotional job demands will be negatively related to lecturer work engagement.

#### *Trait hope and employee work engagement*

However, recent empirical studies support

the importance of hope to the workplace and the impact it has on work outcomes. Hope is related to positive outcomes in areas of physical health, psychological adjustment and interpersonal relationships (Rand & Cheavens, 2009). Hope has been indicated to be related to work attitudes and performance in various domains, including the workplace (Luthans, Avolio, Walumbwa, & Li, 2005; Youssef & Luthans, 2006; Youssef & Luthans, 2007). High hope has been related to organisational profitability (Adams, Snyder, Rand, King, Sigmon, & Pulvers, 2002), satisfaction with business ownership (Jensen & Luthans, 2002), higher life satisfaction (Wroblewski & Snyder, 2005; Extremera Duran, & Rey, 2009; Yalcin, 2011), and higher scores on personal adjustment (Gilman, Dooley, & Florell, 2006). Gallagher and Lopez (2009) examined hope and optimism and found that "hope and optimism are important indicators and potential pathways" to flourishing (p. 554). Judging from the available extant literature, it makes sense to speculate that hope will be positively related to work engagement, thus the hypothesis can be formulated as follows:

*Hypothesis 2:* Trait hope will be positively related to lecturer work engagement.

#### *Resilience and work engagement*

Earlier research revealed that resilience is negatively related to stress (Cooke, Doust, & Steele, 2013; Ahern & Norris, 2011). Resilient individuals used positive emotions to lessen the effects of stress and showed physiological differences in their capability to adapt to stress (Tugade & Fredrickson, 2004). When confronted with a stressful situation, resilient individuals do not only rebound quickly, but grow stronger in the process (Epstein & Krasner, 2013). Resilience has been shown to be applicable and related to performance in the workplace

(e.g., Harland, Harrison, Jones, & Reiter-Palmon, 2005; Luthans, Vogelgesang, & Lester, 2006). Also resilience was shown to be positively related to life satisfaction (Cohn, Fredrickson, Brown, Mikels, & Conway, 2009). Resilient physicians were found to better control their working hours and schedules, which was the strongest predictor of life-work balance (Lee, Brown, & Stewart, 2009). Based on the reviewed literature, it is speculated that:

*Hypothesis 3:* Resilience will be positively related to lecturer work engagement.

#### *Hope and resilience as moderators*

Hope and resilience both of which are positive resource capacities, recognised as fundamental components of individual adaptability (Russo et al., 2012) have been rarely considered as moderating variables in predicting positive work behaviours. Although the direct relationship between hope and some positive behaviours such as job performance (e.g., Peterson & Byron, 2008) and life satisfaction (e.g., Valle et al., 2006) have been recognised, very few studies considered hope as a buffer and as few as these studies are, they predominantly focused on negative behaviours such as depression (e.g., Visser et al., 2013; Croot, 2015) and intra-role conflict (Luthans, Avolio, Avey, & Norman, 2007). This is surprising given that positivity has continued to garner huge support as a factor that do not broaden one's spectrum of problem-solving skills only, but widens adaptive mechanisms, and thought-action repertoires while building inventories and buffers of intellectual, physical, social, and, most importantly, psychological resources (Fredrickson, 2003).

However, some studies recorded that hopeful thinking has been shown to predict adaptive functioning including higher levels of self-esteem, and life satisfaction, and better social adjustment with family and

friends (Cedeno, Elias, Kelly, & Chu, 2010; Ciarrochi, Heaven, & Davies, 2007). Cedeno et al. (2010) demonstrated that hope mitigated the effects of school violence on adolescents' self-concept. Hagen, Myers, and Mackintosh (2005) revealed that high levels of hope predicted fewer internalising and externalising problems after controlling for social support and stress. Valle, Huebner, and Suldo (2006) found that hope moderated the association between negative life events and adjustment. Without this resource, the potential harmful impact of high emotional job demands may be very devastating on lecturers even though this deleterious effect varies between individuals based, in part, upon their unique set of psychological characteristics (Zuess, 2003). Accordingly, hope is expected to mitigate the negative effects of high emotional job demands on lecturer work engagement.

Available literature on resilience suggests that it is an important personal resource that employees can draw from through several ways (Luthans et al., 2006). Resilience can function through the reduction of negative affect and can strengthen the capacity to sustain a constructive response to one's circumstances (Zautra, 2009). Resilience is like a shield against negative affect and reduces the extent to which an individual's positive affect is attenuated. It inhibits ineffective, negative responses, thereby allowing the individual to choose from a set of effective behaviours (Genet & Siemer, 2011). As such, resilience serves as a personal resource of cognitive and emotional flexibility that enables individuals to adapt and adjust their thoughts and emotions to match their context or situational demands (Genet & Siemer, 2011; Waugh, Thompson, & Gotlib, 2011).

An individual's resilience builds "a stable processing structure that promotes adaptive

functioning in the face of challenge” (Freitas & Downey, 1998, p. 207). Additionally, researchers advise that those with greater resilience tend to be more effective in a dynamic environment (Luthans, 2002), and higher levels of resilience help employees accept changes within their environment (Wanberg & Banas, 2000). Some researchers asserted that a critical constituent of resilience is inner resourcefulness (Coutu, 2002). Resilience may also serve as a resource in reducing the impact of stress on job satisfaction. Resilience may provide a form of active emotional regulation, which produces positive affect (Fredrickson & Joiner, 2002). Krush, Agnihotri, Trainor, and Krishnakumar (2012) examined the moderating role of resiliency on forms of intra-role job conflict and job attitudes, behaviours and performance. Results suggest that resiliency provides salespeople with a sense of personal buoyancy that not only reduces the effects of work-family conflict on stress but that it also attenuates the debilitating effects of stress on job satisfaction. Resilience is a factor that mediates the relations between personal resources and organisational attitudes (Mincu, 2015). Shi, Wang, Bian, and Wang (2015) examined the mediating role of resilience in the relationship between stress and life satisfaction. The results showed that resilience functioned as a partial mediator in the relationship between stress and life satisfaction. Based on the reviewed literature above, it is reasonable to speculate that:

*Hypothesis 4:* Hope will moderate the negative relationship between high emotional job demands and lecturer work engagement; such that the relationship will be weaker when hope is high than when it is low.

*Hypothesis 5:* Resilience will moderate the negative relationship between high

emotional job demands and lecturer work engagement; such that the relationship will be weaker when resilience is high than when it is low.

## Method

### *Participants and Procedure*

A total number of 221 volunteer academic staff of two Federal Universities in South-east, Nigeria participated in the study. Their ages ranged from 27 to 63 years with a mean age ( $M = 43.71$  years;  $SD = 7.98$ ). Both genders participated in the study. Specifically, 137 (62%) of the participants were males. The minimum level of their training (i.e., academic qualification) was a second degree, whereas the highest academic qualification is doctor of philosophy (Ph.D) degree. The participants were predominantly of the Igbo extraction. A total of 253 scales only were administered in the two institutions sampled. Out of this number, 239 copies were completed and returned representing 94.47% response rate. Of this number, 18 copies (7.53%) were discarded due to improper completion and 221 copies were considered for data analyses.

### *Measures*

Emotional job demands were measured with the 6-item scale developed by Bakker, Demerouti, and Schaufeli (2003). Participants responded on a 5-point Likert-type scale that ranged from (1) “never” to (5) “always.” Sample items include: “Is your work emotionally demanding?” and “In your work, do you deal with clients who incessantly complain, although you always do everything to help them?” Cronbach's  $\alpha$  of 0.74 was established for the present study.

Hope was assessed with the *Adult Trait Hope Scale* developed by Snyder, Harris, and colleagues (1991). It is an 8-item scale,

with four items each assessing agency (e.g., “I energetically pursue my goals”) and pathways thinking (e.g., “There are lots of ways around any problem”). Items are scored on a 4-point scale (from 1, *definitely false* to 4, *definitely true*). Snyder, Harris, et al. (1991) reported coefficient alpha's ranging from .74 to .84 for the total scale. For this sample, the coefficient alpha of the overall scale was 0.79.

The Brief Resilience Scale (BRS) (Dalen, Wiggins, Christopher, & Bernard, 2008) was used to assess individual's ability to bounce back. It is a 6-item scale scored on a 5-point Likert-type scale that ranged from 1 = strongly disagree to 5 =strongly agree. Sample items include: “I tend to bounce

back quickly after hard times” and “It does not take me long to recover from a stressful event”. The coefficient alpha reliability of the BRS for the present study was 0.81.

Work engagement was measured with the short version (9-item) of the Utrecht Work Engagement Scale (Schaufeli, Bakker, & Salanova, 2006). Items were scored on a scale ranging from (0) “never” to (6) “always”. Each dimension was measured with three items. Sample items include: “At my work, I feel bursting with energy” (vigor), “My job inspires me” (Dedication), “I get carried away when I am working” (Absorption). Cronbach's  $\alpha$  of 0.87 was established for the present study.

**Results**

*Table 1: Means, standard deviation and intercorrelations among study variables*

S/n	Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1	Work engagement	33.22	5.70	(.87)										
2	Gender	1.51	.50	.08	-									
3	Age	43.71	7.98	.06	-.05									
4	Marital status	1.44	.50	.20**	-.10*									
5	Number of children	3.43	1.14	.08	-.11*	.12*	-.03							
6	Employment status	1.20	.40	.04	-.23***	.64***	-.19**	.13*						
7	Organizational tenure	7.43	3.79	.09	.03	.61***	-.34***	.16**	.40***					
8	Job tenure	12.95	6.82	.01	.01	.71***	-.54***	.17**	.43***	.69***				
9	Emotional demands	22.18	2.75	-.13*	.07	-.05	.02	.02	.05	-.10*	-.06	(.74)		
10	Trait hope	24.22	2.85	.45***	.08	.03	.07	.04	.09	.07	-.04	.44***	(.79)	
11	Resilience	23.65	3.20	.44***	.05	.04	.05	.09	.02	-.02	-.03	.44***	.54***	(.81)

*Note:* \* =  $p < .05$ ; \*\* =  $p < .01$ ; \*\*\* =  $p < .001$ .  $N = 221$ . Cronbach's  $\alpha$  for applicable scales are reported in parenthesis along the diagonal. Gender was coded 1 = male, 2 = female; educational status was coded 1 = high, 2 = low; marital status was coded 1 = married, 2 = single; and Employment status was coded 1 = full time, 2 = adjunct. Age, number of children, organisational tenure, and job tenure were coded in years. Perceived emotional demands, trait hope, and resilience were coded, such that higher scores indicated high perception of emotional demands, trait hope and resilience.

The results of the descriptive statistics showed that among the control variables tested only gender and age were not related to work engagement. However, marital status was significantly related to work engagement ( $r = .20, p < .01$ ), number of children ( $r = -.11, p < .05$ ), employment status ( $r = -.23, p < .001$ ), organisational tenure ( $r = .61, p < .001$ ), job tenure ( $r = .71, p < .001$ ). Perceived emotional demands was negatively related to work engagement ( $r = -.13, p < .05$ ). Trait hope was positively related to work engagement ( $r = .45, p < .001$ ) and finally resilience was also related to work engagement ( $r = .44, p < .001$ ).

*Table 2: The results of hierarchical regression analyses showing the moderating role of trait hope and resilience in the negative relationship between perceived emotional job demands and work engagement.*

Variables	Step1( $\beta$ )	Step2 ( $\beta$ )	Step3 ( $\beta$ )	Step4 ( $\beta$ )	Step5 ( $\beta$ )	Step6 ( $\beta$ )
Gender	.10	.11	.08	.08	.07	.05
Marital status	.02	.01	.05	.08	.11	.07
Employment status	.03	.05	.01	.05	-.01	-.02
Age	.08	.06	.06	.01	.06	.04
Number of children	.09	.09	.07	.04	.05	.03
Organisational tenure	.13*	.11	-.02	.01	.06	.09
Job tenure	-.16*	-.16*	-.01	.01	.02	-.03
Emotional demands		-.14*	-.41**	-.52**	-.46**	-.37**
Trait hope			.62**	.43**	.36**	.28**
Resilience				.43**	.40**	.47**
					.24**	.02
Emotional demands $\times$ Resilience						.40**
R <sup>2</sup>	.03	.05	.34	.46	.51	.60
R <sup>2</sup> Change	.03	.02	.29	.12	.50	.09
F Change	F(7,213)	F(1,212)	F(1,211) =	F(1,210) =	F(1,209) =	F(1,208) =
F-Value	= .10	= 4.15*	93.64**	45.67**	21.23**	48.16**
	F(7,213)	F(8,212)	F(9,211) =	F(10,210)	F(11,209)	F(12,208)
	= .10	= 1.40	12.20**	= 17.88**	= 19.74**	= 26.19**

Note: \* =  $p < .05$ ; \*\* =  $p < .001$

The results of the multiple hierarchical regression analyses in Table 2 above showed that among all the 7 control variables only organisational tenure ( $\beta = .13, p < .05$ ) and job tenure ( $\beta = -.16, p < .05$ ) that were significantly related to work engagement. While organisational tenure was positively related to work engagement, job tenure was negatively related to work engagement. However, the control variables accounted for 3.2 percent of the variance in work engagement. Perceived emotional job demands accounted for 5.0 percent of the variance in work engagement, far and above the control variables. When we checked the regression equation, perceived emotional job demands was negatively related to work engagement ( $\beta = -.14, p < .05$ ). This finding is consistent with our hypothesis, which stated that perceived emotional job demands will be negatively related to employee work engagement.

The results of the regression analysis also showed that trait hope accounted for 34.2 percent of the variance in work engagement, far and above the control variables, and perceived emotional job demands. In the regression equation, trait hope was significantly related to work engagement ( $\beta = .62, p < .001$ ). This is consistent with our hypothesis, in that trait hope will be positively related to work engagement. Employee resilience accounted for 46.0 percent of the variance in work engagement, far and above the control variables, perceived emotional job demands and trait hope. In the regression equation, resilience was significantly and positively related to employee work engagement ( $\beta = .43, p < .001$ ). This finding is in line with the hypothesis that resilience will be positively

related to employee work engagement. Furthermore, the results equally showed that the interaction between perceived emotional job demands and trait hope accounted for 51.0 percent of the variance in work engagement far and above the control variables, emotional job demands, trait hope and resilience. When we checked the regression equation, the interaction was statistically significant ( $\beta = .24, p < .001$ ). This finding showed that trait hope had a moderating effect on the negative relationship between emotional job demands and employee work engagement. This also confirms our hypothesis that trait hope will moderate the negative relationship between emotional job demands and work engagement; such that the relationship will be weaker when trait hope is high (versus) low. The results of the moderated regression analyses also showed that the interaction between perceived emotional demands and work engagement accounted for 60.2 percent of the variance in work engagement, far and above the control variables, perceived emotional demands, trait hope, resilience and the interaction between emotional job demands and trait hope. In the regression equation model, the interaction between emotional job demands and resilience was statistically significant on work engagement ( $\beta = .40, p < .001$ ). This showed that resilience had a moderating effect on the negative relationship between emotional job demands and work engagement. This finding is consistent with our hypothesis, in that employee resilience will moderate the negative relationship between emotional job demands and work engagement; such that the relationship will be weaker when resilience is high (versus) low.



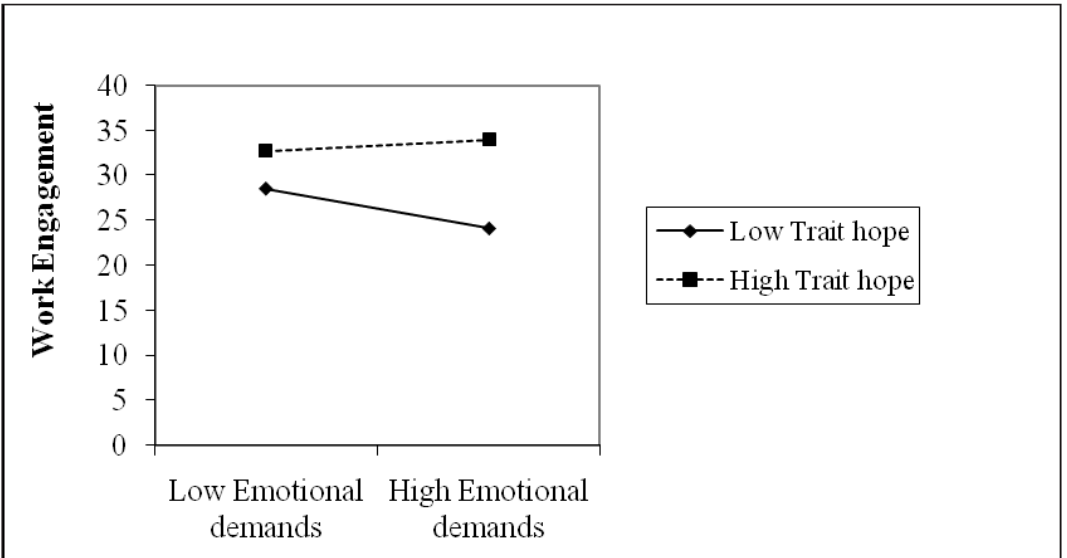


Figure 1: The moderating role of trait hope in the negative relationship between perceived emotional job demands and work engagement.

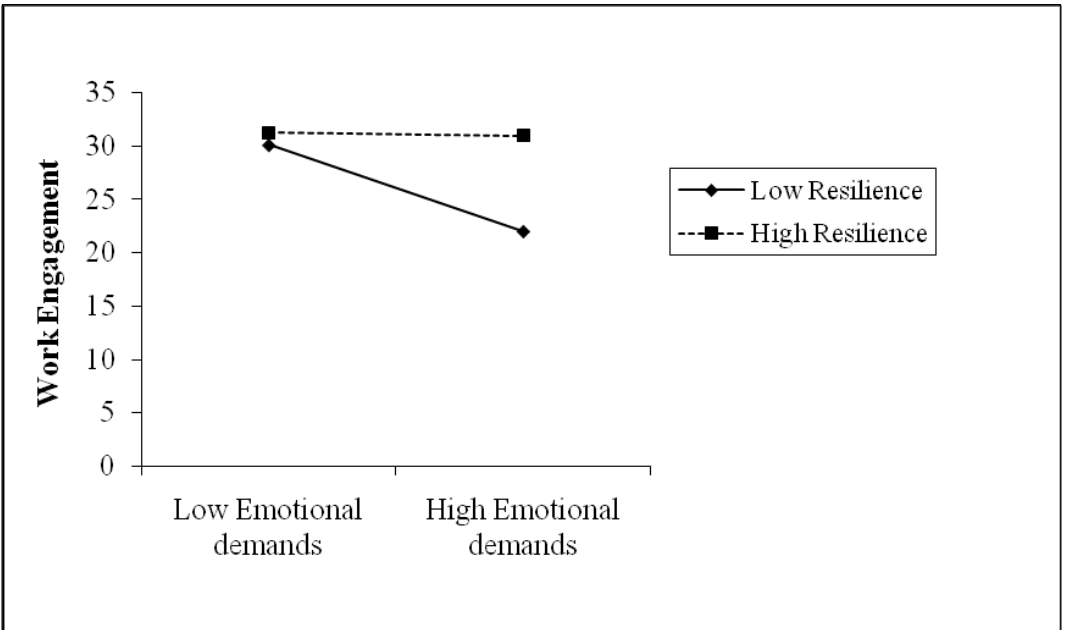


Figure 2: The moderating role of resilience in the negative relationship between perceived emotional job demands and work engagement.

The graphical representations of these significant interactions (see figures 1 and 2 above) was derived by using the values of the predictor variable (perceived emotional demands) and the moderators (trait hope and resilience) variables that were chosen one standard deviation above and below the mean (Cohen, Cohen, West, & Aiken, 2003). As seen in Figure 1, despite an individual's perception of high emotional job demands he/she could still be strongly engaged with work if he/she has high score on trait hope than when the score is low. On the other hand, the representation of the significant interaction between emotional job demands and work engagement (see figure 2) showed that having high resilience score moderated the negative relationship between emotional job demands and work engagement.

## Discussion

The purpose of our study was to explore the relationship between perceived emotional job demands and work engagement, with a focus on investigating the moderating roles of trait hope and resilience in the relationship between emotional job demands and work engagement using the DISC model (de Jonge & Dormann, 2003) as the theoretical framework to explaining the processes underlying the moderating effect of hope and resilience in the link between high emotional job demands and work engagement. The DISC model is the only model that has focused on identifying conditions that need to be met in order for moderation effects to become more apparent. This is possible because the DISC model has some unique principles; multidimensionality of concepts, the triple match, the compensation, and the balance principle missing in other models.

The results of the study revealed that perceived emotional demands as an intense negative work-related outcome had

a significant negative relationship with work engagement. This finding is in line with the health impairment process, that high job demands, which require sustained effort, may exhaust employees' resources and lead to energy depletion and health problems (Caplan et al., 1975). This finding seems to be in line with previous studies which showed that emotional job demands have been frequently found to predict exhaustion among various occupational groups (Bakker et al., 2005). The result also corroborate (Doi, 2005; Halbesleben & Buckley, 2004) which revealed that job demands (high work pressure, emotional demands, and role ambiguity) may lead to sleeping problems, exhaustion, and impaired health. The current study also found that trait hope was significantly related to work engagement. We further found that the negative relationship between emotional job demands and work engagement became weaker under conditions of high trait hope, that is, trait hope moderated the emotional demands-work engagement link. This result supports that trait hope is a lifelong cognitive-motivational and goal-oriented construct composed of agency and pathways both of which are instrumental in generating effective strategies to meet goals (Snyder et al., 1991). This finding is consistent with earlier studies, which indicated that hope is related to work attitudes and performance in various domains, including the workplace (Luthans et al., 2005; Youssef & Luthans, 2006; Youssef & Luthans, 2007). The result also seems to agree with prior studies that hope is related to satisfaction with business ownership (Jensen & Luthans, 2002) and higher life satisfaction (Wroblewski & Snyder, 2005; Extremera et al., 2009; Yalcin, 2011). Moreover, the current finding is not in isolation in moderating the negative relationship between emotional job

demands and work engagement or in predicting adaptive functioning. The moderating effect of trait hope found in the current study seems to be in line with Cedeno et al. (2010) which demonstrated that hope mitigated the effects of school violence on adolescents' self-concept. It also supports Valle et al. (2006) which found that hope moderated the association between negative life events and adjustment.

The results of the current study equally showed that resilience was significantly and positively related to work engagement. This result is understandable in that resilient individuals accept reality, strongly hold onto meaningful and stable values and beliefs, and also possess effective adaptive mechanisms that permit them to make improvisation in unexpected circumstances (Coutu, 2002). This current finding seems to be in agreement with the notion that resilient individuals do not just bounce back quickly when confronted with stressful situations, but grow stronger in the process (Epstein & Krasner, 2013). It also agrees with earlier studies that resilience is applicable and related to performance in the workplace (e.g., Harland et al., 2005; Luthans et al., 2006). This result also corroborates previous findings that resilience was positively related to life satisfaction (Cohn et al., 2009). In terms of its moderating effects, resilience serves as a resource in reducing the impact of stress on job satisfaction. Resilience tends to provide a form of active emotional regulation, which produces positive affect (Fredrickson & Joiner, 2002). This finding on moderating effect of resilience supports previous studies that resiliency provides a sense of personal enthusiasm that ease the debilitating effects of stress on job satisfaction (Krush et al., 2012).

### *Implications of the study*

This current study made significant contributions to existing literature in a number of ways. First, a significant negative relationship between perceived emotional job demands of lecturers and work engagement was found, suggesting that the negative implication of work stress (high emotional job demands) on work engagement could occur cross-culturally. The academic staff of universities engages in service delivery with constant interaction with students and this activity like in most other people-oriented professions is stress-inducing and explains the reason perceived high emotional job demands is negatively related to work engagement. There is a reason to believe that academic staff of universities, similar to other occupations studied previously, is at risk of emotional job demands. Since emotional job demands is a characteristic of teaching profession and cannot be twisted or reshaped to keep emotional demands of the jobs to the lowest, building personal qualities that would compensate or generate buffers to moderate negative impact of high emotional job demands and subsequently lead to positive outcomes should become the target for management. If this is achieved the lecturers will be engaged with their teaching and subsequently teach students things that are worth learning, in ways that help students to appreciate the value of what they are taught (Brophy, 2004), and equally boost students' confidence to learn. In addition, when the negative influences of high emotional job demands are moderated and the lecturers become engaged then the students will more likely enjoy the consequences of work engagement coming from their teachers such as improved performance. When this happens such lecturers will likely bring the lesson to the students and bring the students to the lesson (Blumenfeld, Puro, & Mergendoller, 1992) because engaged

workers are always willing to go the extra mile.

### *Limitations of the study*

Like other similar studies, there are several limitations to this current study. First, the study relied on self-report measures, which might lead to issues of common-method bias (e.g., Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). We encourage future researchers to employ other sources of data (multiple) to help check these biases. Second, the study endorsed the cross sectional means of data collection (survey) with its well known shortcoming or failure in establishing causal relationship. Longitudinal study (design) or experimental investigation have been famous in overcoming or addressing some of these problems because previous levels of the variables are usually controlled for to a certain degree, and the interaction effect might be less affected by this bias (Brannick, Chan, Conway, Lane, & Spector, 2010).

### *Conclusion*

It has been established that the impact of perceived high emotional job demands on affective and behavioural outcomes such as work engagement operate through numerous influences, including increases in physiological arousal, sleep disturbances, and changes in health-related behaviours (Sparks, Cooper, Fried, & Shirom, 1997). Efforts to increase lecturers' work engagement should focus on finding moderators that could boost neutralise the impact of high emotional job demands in employees and in the process enable work engagement to take place and not necessarily by attempting to reduce exposure to high emotional job demands. As our findings suggest, perceptions of high emotional job demands is negatively related to work engagement; therefore, the focus on

weakening such negative relationship seems justified. Besides, such will provide a viable strategy for universities seeking to help lecturers cope better with high emotional job demands and advance the frontiers of knowledge through their pedagogical performance.

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# **An Examination of the Role of Personality on Fear of Success among Females in Early Adulthood**

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## **Abstract**

*This study examines personality factors (neuroticism and agreeableness) as predictors of fear of success among females in early adulthood. Participants comprised two hundred and thirty females in early adulthood between the ages of 18 – 40 years ( $M=32.29$ ,  $SD=2.09$ ) drawn from students of Enugu State College of Education (Technical) using systematic sampling technique involving every third case. John, Donahue and Kentle (1991) 44-item big five personality scale and Aboh (2008) 24-item fear of success scale were administered. A cross-sectional survey design was used while multiple regression was used as statistical test for data analysis. Results indicated that neuroticism independently at  $p<.05$  predicted fear of success among females in early adulthood while agreeableness independently at  $p>.05$  did not. Considering these results, it was concluded that neuroticism as a personality factor is a strong predictor of fear of success among females in early adulthood.*

**Key words:** personality factors, neuroticism, agreeableness, fear of success.

## **Introduction**

Despite recent calls in the extant literature to examine the effects of personality factors on various individual and organizational outcomes, such as fear of success, limited research has accumulated on this front. According to the developmental task theory (Bardwick, 2007), levels of life satisfaction appears related to factors connected to various socially related personal factors, including one's life phase, as well as personal values and interpretations. This view suggests that happiness may be dependent on the successful achievement of life-phase; developmental tasks arising from physical maturation, cultural pressure, individual aspirations and values (Bardwick, 2007). These developmental tasks include learning to live in a marriage or kind of relationship, starting a family (with children), and getting started in an occupation (Bradley & Corwyn, 2004) which could be either successful or unsuccessful (failure).

Success and failure are an inevitable part of life which affects us in many ways (Davis, Ray & Burt, 2013), hence fear of success. Fear of success was introduced by Horner in 1968 to explain sex differences in achievement behaviour (Hyland, Curtis & Mason, 1985). It also refers to the avoidance motive (Bradley & Corwyn, 2004) and the concept of motive to avoid success has been proposed to explain an unresolved problem in understanding achievement motivation in female and has been argued that females consider it incompatible and fundamentally antagonistic with femininity. Most females, therefore, are motivated to avoid success and also have the disposition to become anxious about achieving success because of expected negative consequences of social rejection and feelings of being unfeminine (Bradley & Corwyn, 2004). Fear of success is strongest in females who

are highly motivated to achieve (Bradley & Corwyn, 2004).

Fear of success is a base idea of conflict stemming from internal conflicts and people who scored high on fear of success presented performance decrease following success feedback, and thus associated with anxiety generated by the experience of success (Larkin, 1987). Researchers (e.g. Hyland, Curtis & Mason, 1985) have described someone who fears success as someone who is ambitious but becomes anxious as success approaches, externalizes the reasons for any achievement and belittles any accomplishment. In contrast, others view it as pre-oedipal conflict including fear of abandonment by the mother which shows in fear of success for females (Larkin, 1987). Parental attitudes towards females in early adulthood achievements may influence the development of success related anxieties whereas another view argues that conflicts that concern achievement link to a failure of development of realistic internal standards which start from the pre-oedipal period modifying fantasies of authority and extends throughout development of the ego ideal in early adulthood (Larkin, 1987).

Not only is fear of success a condition that occurs in females in early adulthood, such females showed poorer performance in competitive tasks rather than completing the same tasks alone which suggests that females in early adulthood do have the motive to avoid success, and their anticipation of success is accompanied by the anticipation of negative consequences which are in the form of social rejection and loss of femininity (Woolsey, 1977). Competitive achievement was something Horner ruled out as most likely to arouse fear of success but Larkin (1987) suggests that competition is not the critical factor, but

rather the possible violation of sex role standards that are associated with some forms of competition. The norm is seen as males having intellectual and occupational superiority, and also that their self-efficacy is derived from outperforming females in early adulthood (Larkin, 1987). In South-eastern Nigeria, traditional gender-role orientation teaches females to 'look up to' their husbands as males are considered to be better educated, have higher earnings and a higher occupational status than females, therefore college females find themselves in academic competition with males and may have conflicts with jeopardizing their femininity especially if they are excelling and even the concerns of conserving the illusion that males are superior can affect female's achievement behaviour (Larkin, 1987).

Indeed, there is a price to pay for success. And for females who achieve in the male world like the South-eastern Nigeria; they may not be able to fulfill their conventional female role. For instance, females who become highly successful in being physicians, have found themselves missing out on marriage and being deserted by their friends which lead them to live a lonely and miserable life ((Bem, 1998). They are not able to have it both ways as achieving their traditional role as a female may stop them from being able to achieve in other areas such as in the 'male world' ((Bem, 1998). Achievement in intellectually competitive situations is highly associated with competitive situations which associate with anticipation of negative consequences, therefore due to the conflict that females in early adulthood can face in being successful; they prefer to avoid achievement which might result in fear success ((Bem, 1998). Considering the traditional gender role orientation in Africa especially Nigeria which subjugates

women to play second fiddle to men, females are likely to have low aspiration resulting in fear of success. Moreover, stereotypes of gender roles created by culture govern our way of life throughout our existence. And gender discrimination that females in early adulthood face in society is mirrored in the traditional conceptions of wife and motherhood which often lowers their aspiration resulting in fear of success (Bem, 1998).

However, this fear of success could depend on factors such as personality (e.g. neuroticism and agreeableness). These two are among the big five personality traits that show consistency in interviews, self-descriptions, observations found across a wide range of participants of different ages and of different cultures (Schacter, & Wegner, 2011). Agreeableness is a tendency to be compassionate and cooperative rather than suspicious and antagonistic towards others. It is also a measure of one's trusting and helpful nature, and whether a person is generally well tempered or not. In contrast, neuroticism is the tendency to experience unpleasant emotions easily, such as anger, anxiety, depression, and vulnerability. To this end, the present study examined the relationships between these two dimensions of personality and fear of success among this segment of women.

### **Literature Review**

The paradoxical idea that females in early adulthood are expected to suffer negative consequences as a result of a successful outcome and thus avoid it has taken many forms in modern psychology. Freud (1915) first described this phenomenon in a paper on character types frequently mentioned in psychoanalysis, in a section entitled "Those Wrecked by Success". And Ashford and LeCroy (2010) elaborated Freud's initial

comments by describing the ways in which females subvert their own talents, and explained the behavior as “a fear of asserting one's self because of the possible consequences (punishments, retaliation, retribution, and so on)”. These possible consequences cause success neurosis or success phobia (Bardwick, 2007, Bem, 1998, Corr, 2007, Cutler, 2005). According to McClelland (1987), achievement motivation theory, fear of success occurs in females in early adulthood that are highly motivated to pursue a particular goal, but the more the goal is valued/wanted the more fear is generated about anticipated negative reactions in case of success. According to Horner (1968) only able females in early adulthood with high achievement motivation has fear of success. The big five personality theory (Costa & McCrae, 1992) suggests that neuroticism leads to tendencies such as dealing with anxiety (fear of success). Females in early adulthood who score high on neuroticism are more likely to experience a variety of problems, including negative moods like anxiety and fear (Rottinghaus, Lindley, Green, & Borgen, 2002). Piedmont (1995) in a regression analysis of scores of 263 participants found personality domains of neuroticism most relevant to performance-related variables of fear of success, hence the hypothesis below:

*H1: Neuroticism will positively predict fear of success*

In contrast, persons high on agreeableness are cooperative (trusting of others and caring) as well as likeable (good-natured, cheerful, and gentle) and this trait could be related to achievement of success, thus the hypothesis below:

*H2: Agreeableness will negatively predict fear of success.*

## **Research Method**

### **Participants**

A total of two hundred and thirty (230) participants were drawn from females in early adulthood stage (18–40 years) studying for Professional Diploma in Education at Enugu State College of Education Technical (ES CET) using systematic sampling technique involving every third case.

### **Instrument**

This study used two scales comprising neuroticism and agreeableness subscales of John, Donahue and Kentle (1991) 44-item big five personality scale and Aboh (2008) 24-item fear of success scale.

### **Neuroticism subscale**

This comprised items 27 to 34 on John, Donahue and Kentle (1991) 44-item big five personality scale. Some of the items are:

1. *Someone who worries a lot.*
2. *Someone who can be tense.*
3. *Someone who gets nervous easily.*
4. *Someone who is depressed*
5. *Someone who can be moody.*

Umeh (2004) reported divergent validity of .39 for the subscale.

### **Agreeableness subscale**

This comprised items 1 to 8 John, Donahue and Kentle (1991) 44-item big five personality scale. Some of the items are:

1. *Someone who is considerable and kind to almost everyone.*
2. *Someone who likes to cooperate with others.*
3. *Someone who is helpful and unselfish with others.*
4. *Someone who has a forgiving nature.*
5. *Someone who is generally trusting.*

Umeh (2004) reported divergent validity of .13 for the subscale.

However, John, Donahue and Kentle (1991) reported Cronbach Alpha of .80 and test-retest coefficient of .85 for the whole 44 items. John, Donahue and Kentle (1991) 44-item big five inventory have mean convergent validity coefficient of .75 and .85 with the big five instruments authored by Costa & McCrae (1992) and Golberg (1992) respectively. The present researchers in a pilot study using 85 participants reported Cronbach Alpha of .69 for the 44-items. They also reported item total correlation ranging from .74 to .76 for the 44-items. In addition the researcher reported Cronbach Alpha of .73 for neuroticism subscale and Cronbach Alpha of .67 for agreeableness subscale. Direct scoring was used for all the items, hence a score of disagree strongly = 1, disagree a little = 2, neither agree nor disagree = 3, agree a little = 4 and agree strongly = 5. The researchers summed the values of the numbers shaded in each item to obtain the participant's scores in each of the subscales.

### **Fear of Success Scale (Aboh, 2008)**

This is a 24-item questionnaire designed to measure fear of success. Some of the items include:

1. *I lack the motivation or the desire to grow, achieve, and succeed.*
2. *Feeling guilty when I realize how much effort I have made in my life to achieve success.*
3. *I can't sustain the motivation I would need to achieve my goals.*
4. *I am afraid people will not like me if I succeed in reaching my goals.*
5. *I am so bored with what I have accomplished.*

Aboh (2008) reported Cronbach Alpha Coefficient of .84 for the scale. The correlation between Aboh (2008) fear of

success scale and Herman's questionnaire measure of achievement motivation (Eyo, 1986) yielded divergent validity coefficient of -0.46. Direct scoring was used for all the items, hence a response of rarely or none of the time = 1, a little of the time = 2, some of the time = 3, a good part of the time = 4, and most or all of the time = 5.

### **Procedure**

The researchers administered a total of two hundred and thirty-eight (238) copies of the questionnaire within one month. This was carried out in Enugu State College of Education (Technical) Enugu. The researchers employed the services of three of the lecturers of the participants (students) who served as research assistants in the distribution and collection of the questionnaire in the College. The choice of the teachers as the research assistants was to ensure that the copies of the questionnaire would be properly completed and returned. The researchers trained the research assistants on how to administer and collect the copies of the two scales. Participants were drawn using the class list of the females in early adulthood (18 – 40 years) studying for Professional Diploma in Education using systematic sampling technique involving every third case. Out of the two hundred and thirty-eight copies of questionnaires administered only two hundred and thirty copies of questionnaires were properly completed. These two hundred and thirty (96.63%) copies of questionnaires were used for analysis.

### **Design/ Statistics**

A cross-sectional survey design was used. Multiple regression was used as a statistical test for data analysis.



## Results

**Table 1** : Summary table of multiple regression on neuroticism and agreeableness as predictors of fear of success among females in early adulthood.

Criterion Variable	Predictor Variables	B	Beta	t	P	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	F	P
Fear of Success	Neuroticism	0.17	.140	2.122	<.05	.183	.034	.012	1.556	>.05
	Agreeableness	-.013	-.074	-1.115	>.05					

Table 1 above shows that personality traits (neuroticism and agreeableness) jointly did not predicted fear of success,  $R^2 = .034$ ,  $F(2, 229) = 1.56$  at  $p > .05$ . These results indicated that jointly there was no relationship between the predictor variables (neuroticism and agreeableness) and the criterion variable (fear of success),  $R = .18$ . Moreover, the regression coefficients for neuroticism (b) was .17 ( $t = 2.12$ ) at  $p < .05$ , and agreeableness (b) was -.013 ( $t = -1.125$ ) at  $p > .05$ . Considering these results, the standardized regression coefficients indicated that neuroticism positively predicted fear of success. And it accounted for 14% ( $Beta = .140$ ) variation in fear of success. Thus, the first hypothesis was confirmed and accepted while the second hypothesis was not. **Discussion and Recommendations**

The regression analysis shows that neuroticism predicted fear of success while agreeableness did not. Thus, fear of success was found to increase as neuroticism increased. This gives credence to the view that neuroticism appears to be associated with preparedness to respond with stronger negative than positive effect under appropriate circumstances (Larsen & Ketelar, 1989). The prediction of fear of success by neuroticism is in line with

previous findings (e.g. Piedmont, 1995) which found personality domains of neuroticism and conscientiousness to be most relevant to performance-related variables associated with fear of success. And the findings of the study are also in congruence with Costa and McCrae's (1992) findings which found that females in early adulthood who scored high on neuroticism were more likely to experience a variety of problems, including negative moods (anxiety and fear).

In view of the outcome of this research, it can be concluded that personality factor (neuroticism) independently predicted fear of success. This suggest that neuroticism personality trait positively associated with fear of success among these females in early adulthood and could make them have low ambition regarding career and other areas of human development. Hence, the need for policy makers in tertiary institutions, business and human resource managers, career guidance and counselors, and psychologists especially developmental psychologists to give more attention to and help females who are high on neuroticism personality trait overcome the fear of success and realize their potentials in different walks of life.

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# The Effect of Supply Chain Management Responsiveness on the Organizational Performance of Selected Private Manufacturing Enterprises in South-East, Nigeria

By

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## *Abstract*

*This paper examined the Effect of supply chain management responsiveness on organizational performance in selected private manufacturing organization in South East Nigeria. The paper considered the successes recorded by multinationals with a paradigm shift from sole autonomous business entities to collaborative team in supply chain management. A new performance strategic twists which most Nigeria manufacturing organizations is yet to embrace. The objectives were to examine the effect of lean and agile strategies on cost reduction and productivity. Also, determine the relationship between PME responsiveness to customers demand and level of inventory in the warehouse. Two research questions and hypotheses were raised. A sample size of 30 using G\*Power version 3.1.9.2 calculation technique was used to derive the company size while Freud and Williams statistical tool was used for the population of 2057 which gave a sample size of 649 top management staff across South East selected branches of MAN. Fisher's Extract, Multiple Regression, T-test among others formed the analytical tools. The findings revealed a significant association between effective management of Supply Chain through the use of lean strategy reduced waste of time, resources and increased productivity. Also, responsiveness to customer's demands is significantly associated with increase in sales and low inventory level in warehouse. Recommendations were made along the lines of the research findings.*

**Keywords:** *Effect, Supply Chain, Management, Performance and Organization*

## **Introduction**

One of the most significant paradigm shifts in modern business management is that individual businesses no longer compete as solely autonomous entities, rather as supply chain. Business management has entered into the era of inter network competition (Drucker, 1998). Supply chain Manage-

ment is the management of a network of all the entities and activities involved in delivering a product from the suppliers of raw materials through to the customers. It also includes sourcing of raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution

across all channels, delivering to the customers and the information system needed to monitor all these activities (Vitasck, 2010; Lambert, 2010; Quinn, 1998).

Companies no longer compete solely as independent entities with each other, rather as supply chains (Lambert et al, 2000). This is because as Lumnius et al (2000) observe that firms do not effectively compete in isolation of their suppliers and other entities in the supply chain, they are aware of the benefits of collaborative relationship within and beyond their own organization. Historically, most companies have been focusing on the integration of logistic activities within the organization which includes: inbound, and outbound, transportation, warehousing, material handling, order fulfilment, logistic network, design, inventory and supply/demand planning (Council of Supply Chain Management Professional, 2013).

The increasing demand and ever changing customer preferences have forced companies to focus on their core competencies and allow other supply chain partners carry out large part of the work more than before (Lambert, 2008). This increased outsourcing and the complex customer demand have created challenges for companies and they have realized that only coordinating the internal processes in the organization is insufficient to handle the problem (Janyara, Vickery and Drage, 2010). This made supply chain management inevitable. SCM breaks down the walls around firms by creating a relationship with the partners in a more co-operative way, that will provide incentives for suppliers to merge their "learning curves" (that is, share findings about how to make parts, better, cheaper, faster and with less effort) with customers and other suppliers (Lanning, 1996). He further states that SCM tries to exploit expertise and agile responsiveness

wherever it lies in the chain and this cooperative supply chain relationship he calls, "beyond partnership."

The ultimate performance success of a single firm depends on the management's ability to integrate the company's intricate network of business relationships to the supply chain (Drucker, 1998). Jan (2001) asserts that the main objective of supply chain management is to manage the whole supply chain and its operations efficiently and effectively by coordinating and integrating all the activities that are executed by different departments and external partners in the supply chain.

Performance is no longer determined by the decisions and actions that occur in individual firms, because the execution of the activities of all members involved, contribute to the overall results of supply chain (Nasland and Williamson, 2010). The performance depends on the seamless co-ordination of all supply chain stakeholders to ensure attainment of the desirable outcomes. Habib (2011) observes that evidence has shown that centralized decision making confers the chain with opportunities to reduce the strategic misalignment of partners' capabilities, practices and interaction policies required by the companies to be well coordinated to achieve supply chain objectives effectively and efficiently.

Supply Chain Management approach has been accepted as a proven managerial approach to achieve sustainable profits and growth through focusing on the whole supply chain management process to deliver the right products or services in the right quantity to the right place at the right time and with the maximum benefits (Nieto, 2011). Business managers in western nations have seen SCM as a palliative to their numerous business challenges. They have eagerly implemented important concepts that have emerged from the many

published papers on supply chain management, leanness, agility among others to achieve the combined benefits of improved cost, flexibility, quick delivery [responsiveness] and quality (Hayes and Wheelwright, 1984).

In Western economies like United States of America, United Kingdom, Germany, South Korea, Singapore, among other western nations, private enterprises account for as high as 64% of industrial employment, industrial production and full capacity utilization of their production capacity, but the comparable figure in Nigeria is as low as 31% (Onugu, 2005). Pacrarisi and Ya-Huihsu (2013) contend that SMEs as part of private sector need to work together in order to achieve better operational performance in terms of flexibility, high product quality and low cost, which will yield higher organizational performance in terms of employment generation, infrastructural development among others. Against this backdrop, this study seeks to examine the effect of supply chain management responsiveness on the organizational performance of selected Private Manufacturing Enterprises in South-East, Nigeria.

### **Statement of problem**

The global business environment is so turbulent that products' life cycle shrinks easily and new ones are introduced. This makes flexibility and responsiveness to customers' demand inevitable.

Manufacturers keep trying different business strategies to remain competitive. Private enterprises in developed nations of the world have found supply chain management approach a veritable approach to meet with the global competition. Such private enterprises like Wal-mart retail shops, Georgia-Pacific Corp, leading manufacturers of building materials in North America, Japanese Toyota manu-

facturing industries, Dell, manufacturers of appliances, Whirlpool, Hewlett- Packard, Shoprite, Games and a host of other firms have used supply chain as a strategic weapon to gain advantage over peers.

They have achieved sustained profit and growth by delivering the right product and service in the right quantity to the right customers at the right time and right place with the maximum benefits translated into cost decrease, lower inventory level, shorter lead-time, lessened demand uncertainties and improved product quality. These firms produce in small batches to be responsive to customers' ever changing demands and to enjoy high market share. They account for as high as 64% of industrial employment, industrial production, and even full capacity utilization of their machines.

Unfortunately in Nigeria, private business sector of the economy has been undergoing turbulent times especially in the staggering face of recession. They have not been occupying their rightful place as catalysts for economic development and infrastructural provisions like their counter parts in developed economies. They cannot compete effectively in the world market as key players in terms of selling their products but as market for other nations' goods. Among the numerous reasons envisaged is the adoption of the archaic and traditional approach of mass-production to meet a schedule or forecast without a defined market. Their competition being at individual or brand versus brand level, poor identification and integration to their key business partners especially the suppliers of raw materials and customers. This failure hinders the effective flow of raw materials and relevant information about the market and other competitors. In fact this poor integration and collaboration with partners has caused untold wastage of raw materials and other goods especially the recent tomatoes in surge into the Nigerian market

between January- March, 2016. The quantity wasted was more than the quantity preserved. This wastage would have been avoided if there was effective integration with the manufacturers of tinned tomatoes.

Worse still the standard organization of Nigeria (SON) and other agencies that see to the quality of goods produced or imported into Nigeria are ineffective giving room for Nigerian market to be a dumping ground for sub-standard goods that are cheaper than made- in-Nigerian goods, for the vulnerable poor masses. The effect of the condition on the economy is so grave and adverse; the local manufacturers are out of the market, leaving the economy impoverished. We can observe that there is high mortality rate of these firms in this sector that many do not survive beyond two-five years of their inception. Many of the numerous firms around us can attest to this fact. This untimely extinction, affects adversely the individual owners in particular and the economy in general. The loans borrowed are not repaid, the staff of the organizations laid off, increasing the unemployment rate and the terrible consequences on the economy.

Again, the non involvement of suppliers of raw materials and customers at the early stage of product design and development leads to the production of wrong mix of products that are dumped in different distribution channels. For Nigerian PME's to compete effectively in the global market as key players, their products must be competitive in quality, low cost, trendy (responsive to current demand) and always available. It is of serious note that these indices of excellence and competitiveness in business arena are associated with supply chain management approach. Few studies done in this area in Nigeria have their concentration in South-West, and none in South-East Nigeria. To fill this gap therefore, this study is slated to examine the

effect of supply chain management-responsiveness on organizational performance in selected South-East, Nigeria.

### **Objectives of the study**

- i.** Examine the effect of lean and agile strategies on cost reduction and productivity of the PME's
- ii.** Determine the relationship between PME's responsiveness to customers demand, and level of inventory in the warehouses

### **Research Questions**

- i.** To what extent do lean and agile strategies affect cost reduction and productivity of the PME's?
- ii.** How does responsiveness to customers' demands relate to level of inventory in warehouses?

### **Research Hypotheses**

- i.** The use of lean and agile strategies significantly reduces cost and increase productivity in PME's.
- ii.** Responsiveness to the changing demand of the customers relates positively to the low inventory level.

### **Literature Review**

#### **The Concept of Supply Chain (SC)**

Supply chain is a network of organizations, involved through upstream and downstream linkages in the different processes and activities that produce value in the form of products and services in the hands of the ultimate customers (Christopher, 1994).The chain comprises the suppliers- manufactures-distributors-retailers – customers (Chopra and Meindl, 2001). The basic chain looks like a pipe but in reality the chain looks more like an uprooted tree than a pipe in structure

because it is linked with partners horizontally and vertically (Lambert and Cooper, 2000). The literature relating to the SC is both “patchy and unconnected, this adds to the “ataxia around the explanation (Harland 1999; Giannakis and Croom, 2004).

### **Supply Chain Network Structure**

Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, demand creation and fulfilment of all logistic management activities. It also includes the co-ordination and collaboration with channel partners which can be suppliers, intermediaries, third party service providers and customers (Vitasck, 2010). In essence SCM integrates supply and demand management within and across companies which continues to change and evolve to suit the needs of the growing global supply chain.

In the management of supply chain, not all the branches and roots are included, because not all links can be closely coordinated and integrated. The closeness and relationships at different points of the chain differ. The management chooses the level of partnership appropriate for a particular supply chain link (Lambert et al, 1996). The most appropriate relationship is the one that best fits the specific set of circumstances (Lambert et al, 1993). The part of the supply chain that deserves management attention must be weighed against firm's capabilities and the importance to the firm (Lambert et al, 2000).

### **Concept of Lean**

The Lean concept is the emphasis on the use of continuous improvement activities that focus on eliminating all non-value adding activities along the supply chain, for example reduce the time to set up

machinery and enhance performance system, this production strategy encourages production in small batches to meet changing demand, reduce mass production that are not necessary, reduce costs, maintain flexibility and increase profits. This lean production strategy is flexible and responsive to customers demand which affects design timing and distribution of the goods (Vanderembse et al, 2006).

### **The Concept of Agility**

The term 'agile' means the ability to think fast and use a clearer method for maximum flexibility. An agile organization should be able to respond to possible changes that may occur in the organization. The major feature of agile organization is flexibility. (Aganwal et al, 2007). This concept can be traced to flexible manufacturing system which moves from automation towards the ability to create rapid changes such as reducing start-up time and faster reaction to changes in product mix or volume. The agility includes; speed, flexibility, competence and accountability (Gitaninia et al, 2011).

### **Comparing Lean and Agile Pattern**

Both concepts demand high level of product quality, minimum lead-time (from time a customer raises request for a product or service till it is delivered). If a supply chain has long end-to-end lead-time, it will be difficult to respond quickly enough to exploit market place demand. Effective engineering of cycle time reduction always leads to significant bottom line improvements in manufacturing costs and productivity (Towil, 1996). Lead-time needs to be minimized, in lean manufacturing, excess time is a waste and leanness calls for the elimination of such wastes.

While quick response to customers is for agility, cost and sales price is linked to



leanness. When the total cycle-time compression is effectively implemented, it creates sufficient condition for achieving high performance in the organization (Towil, 1996). The summary of lean and agile patterns in customer value perspective is in – quality, price, delivery time and service level. Naylor et al (1999) further propose the combination of the two paradigms (lean x agile) into “leagality stating that they both are complementary within a correct supply chain strategy.

### **The Concept of Organizational Performance (OP)**

The 'raison d'être' of any commercial firm is continuity and profit generation (Onunwa, 2008). This parameter (profitability) only is insufficient to measure the performance of an organization knowing very well that there are many interested parties in the organization, ranging from shareholders to employees, customers, and then communities that host the organization. Performance therefore should include both profitable (finance) and non profitable measures like the market share, customer satisfaction, employee satisfaction and good governance among others (ibid). Organizational performance is the ability of an organization to use its resources efficiently and effectively to produce outputs that meet or are consistent with the goals or objectives and relevant to its users (Peterson, Cusber and Wilks, 2003).

### **Measurement of Performance**

The pressure on organization for accountability and performance has raised the need for performance measurement. Performance measurement is observed to

have gone beyond short term level to long-term value, creating activities such as customer service, quality of internal process and organizational learning (Kaplan & Norton, 1996).

To measure the performance of a firm or network of firms, the following metrics are considered: Net income, revenue growth, productivity, customer satisfaction and employee retention representing the outcomes of performance but not the causes (onunwa, 2008).

### **Supply Chain Management Model**

Supply Chain Operations Reference (SCOR) Model, the world's leading supply chain framework was used in this study because it is a management tool used to address, improve and communicate supply chain management decisions within a company responsively and with suppliers and customers of other companies. The model increases the speed of system implementation and support organizational learning goals which improves inventory turns. This model was developed by Supply Chain Council (SCC) and AMR Research in 1996. According to them, SCOR is used to identify measures, reorganize and improve supply chain processes through a cyclical process that includes: capturing the configuration of supply chain, measuring the performance of the supply chain and comparing against internal and external industry goal and re-aligning supply chain processes and best practices to fulfil unachieved or changing business objectives. The SCOR model is diagrammatically represented as below:

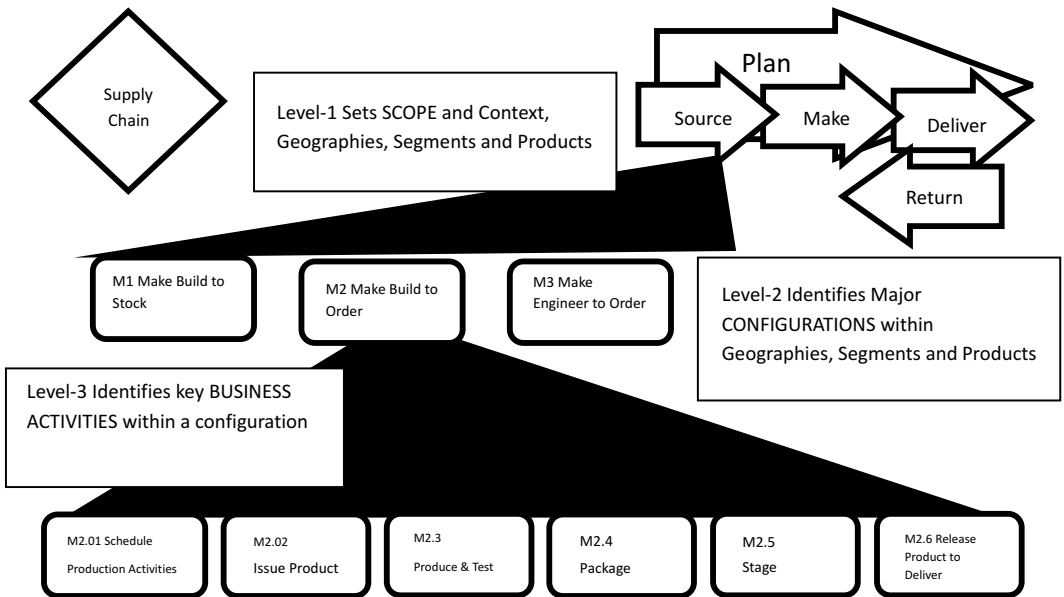


Fig. 1: SCOR Framework Levels

Source: Lockamy 111, and McCormack, K. (2004), Linking SCOR planning practices to Supply Chain Performance, an exploratory study. *International Journal of Operations & Business Management*, 24(12), 1192-1218.

These processes of plan, source, make and deliver of the SCOR model give a continuous chain of activity in levels throughout the company's internal operations and potentially across the whole inter-organizational supply chain. It is possible to contend that the framework includes a high level of planning process which provides balance of aggregate demand and supply to develop a course of action that best meets the requirements of the processes of source, make and deliver (Lambert et al, 2005).

**Methodology**

The study adopted a survey research design. The population drawn from the branches was 184 made up of Manufacturing Association of Nigeria (MAN) branches in Anambra and Imo comprising of 147 and 37 top graded manufacturing companies. A sample size of thirty (30) companies using

G\*Power version 3.1.9.2 sample size calculator at the effect size of 0.25 that gave a good representative of the entire population of 2057 was obtained. The effect size is a measure of the level of prevalence; awareness or occurrence previously reported or guest mated (Nna, 2016). The effect size was based on 61% level of awareness of SCM reported South-Western Nigeria. Systematic random sampling technique was used in selecting this number from the list of companies registered with Manufacturers Association of Nigeria (MAN) which formed the population at the interval of 6 to cover the five states. Cronbach Alpha at 0.89 levels was used in establishing the reliability of the measuring scale, while the 95% confidence level was adopted and tested at 5% level of significance and the stated hypotheses had a maximum acceptable risk of making a type one error (that is, rejecting the null

hypotheses (H<sub>0</sub>) when it should have been otherwise) is 5%. Fisher's exact value statistical tool was used to test the socio-demographics of the PME respondents sampled and other hypotheses formulated in the study. At the inferential level of analyses, multiple regression analysis and -

t-test were used to test the relationship between the two variables (dependent and independent); also hierarchical cluster analysis was done to show the closeness in relationship. The results were reported diagrammatically for clearer understanding.

## Data Analysis and Interpretation

### Research Question 1

Table 1.0. **What are the effects of lean and agile strategies on cost reduction of private manufacturing enterprises?**

To what extent do lean and agile strategies affect cost reduction and productivity of the PMEs	SA A	AS D	UD							Total
	5	4	3	1						
		2								
The continuous improvement through lean strategy eliminates non-value adding activities and reduces cost in the organization	498 98.2%	9 1.8%	-							507
The lean and agile strategies encourage production in small batches to meet changing demand; this reduces mass production that ties working capital to the dumped goods and increases cost of the goods.	500 98.6%	6 1.2%	1 0.2%							507
Agile strategy works with current information to respond to changes in the market and avert possible increase in cost. A company that uses this quick action enjoys reduced cost of production in the organization	504 99.4%	3 0.6%	-							507
Agile strategy encourages flexibility and increases speed by linking to autonomous companies. These linkages reduce transaction cost, handling cost (total cost) in the organization	507 100%	-	-							507

When a manufacturing enterprise enjoys a larger share of the market, because the price of the goods is competitive enough, it expands the frontiers (creating new branches and introducing new products) this increases productivity	485 95.7%	20 3.9%	2 0.4%							507
<b>Grand total</b>	<b>2494</b>	<b>38</b>	<b>3</b>							<b>2535</b>
<b>Percentage</b>	<b>98.4%</b>	<b>1.5</b>	<b>0.1</b>							<b>100</b>

**Interpretation**

In table 1.0, five questions were designed to give answers to the effect of lean and agile strategies on cost reduction of private manufacturing enterprises. The result of the analysis based on the cumulative response showed the expected response frequency of 2535, while the observed response of strongly agree/agree was 2494(98.4%) 38(1.5%) of strongly disagree and disagree and 3(0.1%) rate of undecided. This implied that 98.4% of the respondents agreed that the use of lean and agile strategies reduced

cost while 1.5% disagreed to the assertion, only 0.1% were indifferent.

**Test of hypothesis One**

Ho: Lean and agile strategies cost reduction of PMEs does not significantly increase productivity.

Hi: lean and agile strategies cost reduction of PMEs significantly increases productivity.

Test of significance: Fisher's exact value test at 0.05 alpha was used to test for statistical significance association = 29.82 P < 0.05.

Table 1.2 Multiple Regression Report

Descriptive statistics

Variable	Count	Mean	Std deviation	Minimum	Maximum
Lean and agile of PMEs significantly increases productivity	53	4,356604	0.5468414	3.4	5

Table 1.3 Regression coefficients T -Test

Independent variable	Regression coefficient	Std Error	Std coefficient	T-statistics To test H <sub>0</sub> : β(1)=0	Prob level	Reject H <sub>0</sub> : at 5%	Power test at 5%
Lean and agile	1	0	1.000				

Note: The T-value used to calculate the confidence unit was 213.

Table 1.4 Analysis of Variance Detail

Source	DF	R <sup>2</sup>	Sum of squares	Mean square	F-ratio	Prob. level	Power at (5%)
Intercept 1	1		1091.779	1091.779			
Model	4	1.000	8.273208	1.378868	0.000	1.000	0.0500
Question 1	1	0.000	0	0	0		
Normality tests	1.0000	0.000	8.273208	0.1591001	0		

### Interpretation

Fisher's exact value test = 348.6,  $P < 0.05$  the regression sum of squares (8.273208) is greater than the mean squares (1.378863). This means that the relationship between the two variables is significant. Also the value of F-Ratio (0.000) is less than 0.0500 which indicates that the variation explained by the model is not due to chance.

The R<sup>2</sup> (regression coefficient) = 1 shows that there is significant positive relationship between PME's agile and lean strategies and cost reduction in the organizations which is also shown with t-test value 1.0000. Therefore the null hypothesis should be rejected and the alternate hypothesis accepted.

### Research question 2

Table 2.1 How does responsiveness to customers' demand relate to patronage (sales) and level of inventory in warehouses?

How does responsiveness to customers demands relate to patronage (sales) and level of inventory in warehouses	VHE/HE	VLoE/LE	UD	Total
When the manufacturers are sensitive to meet the ever changing demands of the customers, there is high level of patronage (sales) by the customers.	503 (99.2%)	< 4 0.8	-	507
The use of lean and agile strategies in production processes, remove delays, wastages and increase acceptability and patronage of the goods produced because they are in vogue or trendy.	469 (92.5%)	33 6.5	5 1.0	507
When customers are brought early into product development process their demands are known and production is carried out to meet that demand which ensures increase in sales	435 (85.8%)	50 9.9	22 4.3	507
Production in small batches to respond to ever changing demands of customers reduces inventory level in distribution channels	505 (99.6%)	2 2.4	-	507

Mass production or production to meet a schedule or forecast (make -to-stock) increases inventory level in warehouses. High inventory level in warehouses is a waste to manufacturers because of tied up capital and goods becoming obsolete over time.	488 (96.3%)	12	7 1.4	507
Grand total	2402	101	34	2535
Percentage	94.8%	4%	1.3%	100

Interpretation

Table 1.3The five (5) statements of fact were given in the questionnaire to examine how responsiveness to customers demand relates to patronage (sales) and the level of inventory in the warehouses. The result of the analysis based on cumulative response shows the expected response frequency of 2535. The observed response rate of

strongly agree/agree(VHE/HE) of 2400(94.7%), 101(4%) of strongly disagree/disagree(VLE/LE) and 34(1.3%) rate of undecided. This reveals that 94.7% of the respondents are in agreement that when organizations respond to the changes in demands of the customers, it increases patronage (sales) and reduces the inventory level in the warehouses.

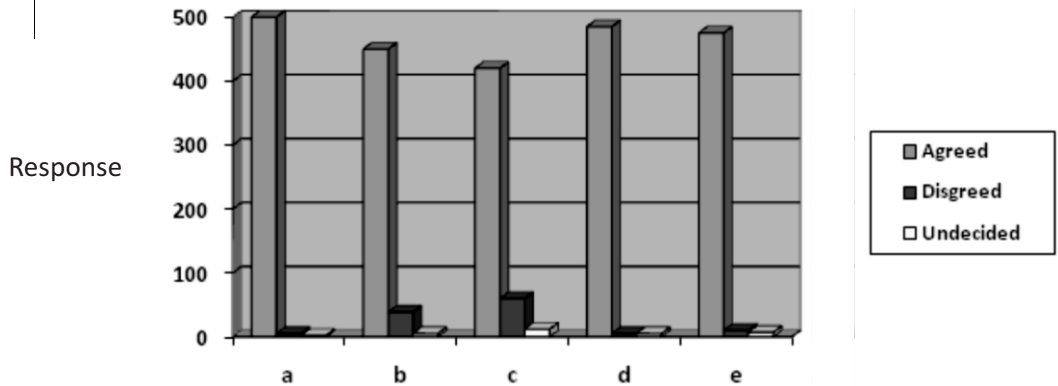


Fig.2

Testing of hypothesis two

Ho: Responsiveness to customers' demands does not lead to increase in sales and low inventory in distribution channels

Hi: Responsiveness to customers' demands leads to increase in sales and low inventory in distribution channels

Tests of significance: Fishers' exact value test was used to test for statistical significant association =133.6, P<0.05.

**Table 2.4 multiple regression report****Description Statistics**

Variable	Count	Mean	Standard Deviation	Minimum	Maximum
Responsiveness to customers' demands leads to increase in sales and low inventory in distribution channels	53	4.151132	0.7340893	1.83	5

**Table 2.5 Regression Coefficients t-test**

independent Variable	Regression coefficient	Standard error	Standardized coefficient	t-statistic to test $H_0: \beta (1)=0$	Prob. level	Reject $H_0$ :at 5%	Power test at 5%
Responsiveness to customers' demands	1	0	1.0000				

**Note: The t-value used to calculate the confidence limit was 2.013**

**Table 2.6. Analysis of variance detail**

Source	Df	R <sup>2</sup>	Sum of Square	Mean squares	F-ratio	Prob level	Power at (5%)
Intercept	1		1091.779	1091.779			
Model	5	1.00	8.273208	1.378868	0.000	1.000	0.0500
Questions	1	0.000	0		0		

**Interpretation:**

Fisher's exact value test was used to test for the statistical significant association =133.6,  $P < 0.05$ , there is significant association between responsiveness to customers demand, increase in sales and low inventory in distribution channels.

The regression sum of squares (8.273208) is greater than the mean square (1.378863), which means there is significant relationship between the two variables.

Also the value f-ratio (0.000) is less than 0.0500 which indicates that the variation explained by the model is not due to chance. The R<sup>2</sup> (regression coefficient) =1 shows that there is significant positive relationship between responsiveness to customers demand, increase in sales and low inventory in distribution channels. Therefore the null hypothesis should be rejected and the alternate hypothesis is accepted.

## Discussion of Results

### Objective One

To examine the extent of lean and agile strategies on cost reduction of the PMEs

In analyzing the research question, the result showed that 98.4% of the respondents agreed that effective supply chain management produced cost reduction through the use of lean and agile strategies. The test of hypothesis-2 using Fisher's exact test value = 29.82,  $P < 0.05$ , showed that effective supply chain management reduced significantly total cost which also increased productivity in the organization. This has rejected the null hypothesis and accepted the alternate hypothesis that effective uses of lean and agile strategies reduce total cost in the organization.

This is in line with the empirical evidence by Christopher et al (2000) that effective management of supply chain through the use of "lean strategy reduced waste of time, resources and other redundancies that increased total cost and affected productivity. Furthermore Wamaks (1996) affirmed that supply chain which provided incentives for suppliers and other partners to merge their "learning curves (that is share their findings about how to make parts better, cheaper, faster and with less effort) reduced total cost and increased the productivity of the organizations. Ketchen et al (2006) upheld this view as they referred to cost reduction as a competitive priority that reduced price of goods and increased demand which naturally encouraged the manufacturers to increase production. This finding substantiated the strategic theory that encouraged managers to device strategies that will make their organization competitive enough in the market.

### Objective two

To determine the extent of relationship between PMEs responsiveness to customers demand, patronage (Sales) and level of inventory in the warehouses of these organizations in South-East, Nigeria. Sequel to the attempt to determine the relationship between PMEs responsiveness to customers demand, patronage (Sales) and inventory level in the warehouses of these organizations, the result to the analysis of the research question revealed that 94.8% of the respondents agreed that when PMEs respond quickly to customers' demand, there is large increase in patronage (sales) and a high reduction in the inventory level in distribution channels (warehouses). The test of the hypothesis-2, using Fisher's exact test value= 133.6,  $P < 0.05$ , revealed that responsiveness to customers' demand is significantly associated with increase in sales and low inventory level in warehouses therefore it means that the null hypothesis was refuted and the alternate hypothesis accepted. This finding was in agreement with Sukati, Hamid, Baharun and Tat (2010) empirical evidence that sensitivity to the ever changing demands of the customers increased their acceptance of the products which increased their patronage (sales), when there is high patronage, there is automatic reduction in inventory level in distribution channels. Christopher cited in Sukati et al (2010) stated that getting the right product at the right price, at the right time to the customers is not only improved competitive success but also the key to survival. Swamidas and Newill (1987) further agreed by stating in their empirical study that manufacturing flexibility which is part of responsiveness to customers demand can appropriately solve problems of sales or high inventory level which have been rocking the manufacturing enterprises. Furthermore, Lee (2004) agreed with this in his argument that with agile strategy, firms



exploited profitable opportunities in volatile market place because they reacted quickly to unexpected or rapid shifts in customers' demand. Hult et al (2002) also stated that responsiveness which is the ability to detect and fill gaps between what the customer desired and what is currently offered; meeting customers desires guaranteed patronage.

Stevenson and Spring (2007) also in agreement with the foregoing stated that responsiveness to customers' demand which gave rise to production in small batches reduced inventory level which was the main bane of mass production. This finding substantiated the Institutional theory that revealed the effect of environmental pressure on organizational activities. The appropriate response by the organization affects their competitiveness.

### **Conclusion**

This study concluded that effective supply chain management manifested in integration with chain partners, use of lean and agile strategies, high product quality, responsiveness to customers' demand, socio-economic aspects of the partners significantly impacted positively on organizational performance of PME's which are shown in product availability both in raw materials and finished goods for the target market, cost reduction, low inventory level, few product recalls and better supply chain management. The SCOR model adapted was appropriate for the Nigeria business environment.

### **Recommendations**

Following the findings of this study, the following recommendations:

**a.** Each PME should identify and maintain closer relationship with the key entities they carry out businesses with, especially the suppliers of raw materials and customers by establishing a new vice

president or manager in charge of supply chain. These managers will co-ordinate the activities of the focal organization with other organizations to establish a cross-functional team for their products.

**b.** The standard organization of Nigeria (SON), National Agency for food, Drug Administration and Control (NAFDAC); and other quality control agencies should beef up their quality watch over the goods and services produced in Nigeria and imported into Nigeria by visiting these organizations without notice, combing the market for fake products and confiscating them, using professional bodies to fish out fake products, blacklist and impose sanction where necessary.

**c.** As each organization interacts with the key partners in the chain especially the customers, they should produce in small batches to respond quickly to the ever changing demands of the customers. Productions in batches according to the demand of the customers will also reduce the level of inventory stored in distribution channels.

**d.** The parent bodies of these enterprises like manufacturers association of Nigeria (MAN), (SMEs), (SMEDAS) among others should periodically organize seminars/workshops for the managers of these organizations to sensitize and enlighten them on current business management approaches to aid them flow with the global business trend.

**e.** Finally the use of current production strategies like lean and agile system that will both reduce all manner of wastes and create the needed information which will reduce the total cost, increase productivity and market share for the organizations.

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# Gender Issues in Academia: an Evaluation of Strategies for Women's Advancement to Leadership Positions in Nigeria

By

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## Abstract

*The objective of this study was to investigate what constituted gender issues in academia, evaluate strategies women themselves and academia can employ to deal with gender issues in tertiary academic institutions. The study was carried out in five tertiary institutions (a university, two polytechnics and two colleges of Education) in Nigeria with a sample size of 370 comprising lecturers and members of Senior Staff Appointment and Promotion Committee Members. The research design was the survey that employed the use of the modified form of the questionnaire by Brownell, Ng and Pine and Zhong. Data analysis was performed using percentages, means, standard deviations and z-tests. Findings indicated that women females encounter gender issues in tertiary institutions where they work and that these gender issues prevent women from attaining leadership positions in tertiary institutions. Strategies internal and external to women such as acquiring adequate academic qualifications, networking, provision of support system at work for them in such areas as childcare responsibility, policies that make senior management to be comfortable with women in the top management team were recommended.*

**Key Words: Gender Issues, Women, Academia, leadership, Strategies, Tertiary Institutions, Nigeria**

## Introduction

The Universal Declaration of Human Rights recognizes the right of every individual to take part in the government of his or her country (United Nations, 1996). On a more specific term, the Beijing Declaration affirms national commitment to the inalienable rights of women and girls and their empowerment and equal participation in all spheres of life including the economic domain (United Nations,

1995). To state that this goal of equal participation is far from being realised in Nigeria is to state the least and of course, the obvious. The inequality between men and women in Nigeria is highly visible in public governance. A major setback, which often impacts negatively on women's political, economic and social advancement, is the limited number of female participation in the structures of governance, especially, where key

policy and resource allocation decisions are made.

Women constitute relatively low proportion of formal sector employment in Nigeria. However, their participation rate has been on a gradual increase over the years. While the situation in the public sector remains unsatisfactory, it is marked differently from what obtained during the pre-colonial and colonial times. The pre-colonial era is argued to have had a gendered division of labour with the social system of some ethnic groups having in-built male dominance while women played significant and vital roles in all aspects of lives in their community. The colonial period, on the other hand, came with policies and statures that were apparently sexist in nature and equally prejudiced in disfavor to women.

For years after independence, only 6.9 per cent of the salaried workforce were women; by 1970, 8.7 per cent of the total number of established staff in the Federal Civil Servant were women. In 1980, the percentage had risen to 12.6 per cent (Attoe, 2002). By 1985, women constituted 10.8 per cent of wage earners. This figure increased to about 13 per cent in 2008 (Lawanson, 2008). In 2015, Nigeria's population was projected at 183 million people, of which, 90,989,254 are females and 92,387,474 are males where women constituted 49.5 percent and men 50.5 percent of the population. Women constitute roughly half of Nigerian's population.. In the same year, the national labour force participation rate of women and men in the ages 15-64 years was 74.7 percent. The proportion of men was 82.6 percent while women

accounted for 78.4 percent. Like in 2013, men constituted the bulk of employment in federal and state MDAs (National Bureau of Statistics, 2016).

Despite constituting about half of the population of Nigeria, women continue to be under-represented in all spheres of life including the economic domain. Worse still, women are missing in the power equation. Research findings show that the higher the position, the glaring the gender gaps. Among high-ranking government administrators with decision making powers, women are visibly under-represented. According to the National Bureau for Statistics (2016), for the period, 2010-2015, on the average, 72.3 percent of senior positions in State Civil Service were occupied by men compared to 27.7 percent occupied by women.

Equal access to power, decision making and leadership at all levels is a necessary condition for the optimum functioning of democracy. Besides the freedom to vote and be voted for, women should be enabled in a truly democratic setting to attain leadership positions without the cultural or socio-economic obstacles their career efforts are presently fraught with. In Nigeria, the types of work available to women, the condition under which they carry out their work in addition to the opportunities for advancement to senior executive positions differ from those of men.

In tertiary institutions, women have of recent, but in limited number held senior executive level positions such as the Vice Chancellor's position as in the cases of Prof. Grace Alele-Williams of the University of Benin in the 1980s for

12 years, Prof. Uche Gbenedion, first female Deputy Vice Chacellor of Benson Idahosa University, Prof. Laraba Garuba Abdulahi, first female Vice Chancellor of Universty of Abuja and Prof. Apollonia Okwudishu, Deputy Vice Chancellor (Administration), University of Abuja for 4 years. The struggle for the top job in the academia is fierce for the Nigerian woman whose visibility is more often a function of her political connections rather than merit.

It has therefore become necessary to investigate what constitutes gender issues in academia, evaluate strategies women themselves and academia can employ to overcome gender related barriers in tertiary institutions.

### Literature Review

Nigerian women, more than ever before, are accessing education to the tertiary level and making educational choices suitable for executive positions. Aina, Ogunlade, Ilesanmi and Afolabi (2015) report that women make up 58% of university graduates. This development has led to an increase in the number of women in executive, administrative, and managerial positions in the last few decades. Nevertheless, the proportion of these

women engaged in top level executives is still small and when compared to men, the situation smacks of inequality of the sexes.

Equality between men and women exists when both sexes are able to share equally in the distribution of power and influence; have equal opportunities for financial independence through work; enjoy equal access to education and the opportunity to develop personal ambitions, interests and talents; share responsibility for the home and children and both are completely free from coercion, intimidation and gender-based violence both at work and at home (FMWA, 2014). At the core of gender equality is the empowerment of women in all ramifications; educational, economical, political, etc. and in every available field of interest.

Gender inequality exists in Nigeria. The implication is that women are relatively fewer than men in number in many organizations. In the educational sector, the situation is not any different. Aina, Ogunlade, Ilesanmi and Afolabi (2015) assert that the proportion of female to male lecturers in our tertiary institutions is abysmally low. This is supported in a report by the National Bureau of Statistics as shown in the table below:

**Table 1 : Percentage of Women in Teaching Staff By Year and Level of Education**

Year	Primary	Secondary	Tertiary
2010	54.0	47.0	25.4
2011	49.7	47.9	24.4
2012	47.8	38.7	25.6
2013	48.3	47.7	25.5
2014	50.1	47.3	24.9
2015	49.5	46.8	26.3

Source: National Bureau of Statistics (2016)

Moreover, women are also more concentrated at the lower cadre of organizations, placed in less strategic areas of activities, not being given varied and challenging assignments, and not being exposed to the ranged of operations and activities which are crucial factors for climbing the ladder to top management positions.

There still exists a prevailing failure of full acceptance of women in the nation's tertiary institutions' most senior leadership and governing structures. Only very few institutions have women occupying key positions at top management cadre. Currently men occupy most of the top hierarchy positions in the Nigerian universities. For example, only 24.7% of Principal Officers in the Nigerian universities are women, and for the other categories the trend is the same, if not worse off – Governing Council – 16.9%; Deans/Directors – 18.3%; and Professors – 15.6%. (Aina, Ogunlade, Ilesanmi, & Afolabi, 2015).

According to Pereira (2007), women in the tertiary education institutions in Africa have remained the “endangered species” in the university space. The situation is such that women in higher educational institutions in Africa, as late comers into the system, continue to occupy marginal positions in access and decision making.. The Victorian notion of the woman has affected and continues to affect in no small measure the definition of the woman in the academe. The socio-cultural landscape of the university has, therefore, remained largely patriarchal and misogynistic. Access to leadership positions has not only been demarcated with glass ceiling

- and coated with sticky floor – but also demarcated with Plexiglas (Tersky et al 2008 as cited in Ukpokolo, 2010).

These personnel in the administrative personnel structure of tertiary institutions that may be designated as senior academics and administrative officers could bear titles such as dean, associate or assistant dean, vice chancellor, deputy vice chancellor, provost, rector, director of a major division or department, registrar, deputy registrar, librarian, and bursar. These positions have been masculinised in many tertiary institutions by their frequent occupation by the male gender that over time a female figure does not seem suitable for the roles.

Tertiary institutions are established to provide quality services (academic and non academic aimed ultimately at enhancing the living standard of the people in any society. To this end, individuals are employed on the basis of their competences rather than their gender status. As an intellectual domain, tertiary institutions are expected to be broad-minded, tolerant of diversity, in support of democracy principles and values and exhibiting zero tolerance towards gender inequality. Thus, as Nguyen (2000) asserts, a careful examination of the values and the resulting assumptions governing the behavior of the women and men in society should be an essential goal within the comprehensive planning efforts of institutions of higher learning. Privileging the voices of women in higher education, enabling them to share their experiences, would shed light on how they negotiate the “gender

contract”.

Aina, Ogunlade, Ilesanmi and Afolabi (2015) attribute the poor representation of female professors and female chieftlecturers at professorial level to poor representation in the management cadre besides other fallouts that include the exposure of women to sexual harassments, and poor institutional support for women-focused issues (since men are largely in control of the management of these institutions, and are generally controlled by men who are often insensitive to gender issues).

The economic implications of allowing a waste of talented resources available to service on the basis of gender are unfavourable, and the organisation's value of acquiring access to an increased client base and broader market opportunities is also limited. As more women access education than ever before and make educational choices suitable for executive positions, the nation at large and the institutions in particular stand to save substantial amount of money as well as gain efficiencies when they employ these women with varied talents and remove obstacles in their way to top positions.

It has been shown by studies on gender equity in private and public institutions of all sizes, that there is a direct correlation between higher productivity and higher levels of gender equity. Models of women in senior positions and in equal numbers generally benefitted the institutions offering different perspectives, experiences and contributions women can make. It seemed a tired argument but one worth repeating. Consequently, the stagnation of management level resources

represents the loss of a significant investment.

### **Objectives of the Study**

The specific objectives are to:

- i. investigate what constitutes gender issues in academia;
- ii. evaluate strategies women could employ to overcome gender related barriers in tertiary institutions.
- iii. assess strategies academia could employ to assist women in overcoming gender related barriers encountered in tertiary institutions

### **Research Design and Methodology**

This study adopted the survey design. The target population comprised two sampling frames made up of lecturers and members of the Senior Staff Appointment Promotion (S.S.A. and P. C./Board) of the five tertiary institutions. These consisted of a university (Delta State University), two polytechnics (Delta State Polytechnic Ozoro, and Delta State Polytechnic, Ogwashi-Uku) and two Colleges of Education, Agbor and Federal College of Education - Tech.-Asaba, Delta State).

The multi-stage sampling method was employed in the selection of the participants for the study. The selection was carried out in two stages: purposively selecting the South-South zone from the six geopolitical zones and selecting a state (Delta) out of the six states in the South-South geopolitical zone.

The stratified random sampling method was considered most apt for the study.



The method entailed dividing the population of study into subgroups called strata comprising the five tertiary institutions and selecting a proportionate sample from each stratum. Three proportional and stratified random sub-samples were drawn from each of the institutions: lecturer 1/11, Senior lecturer/Principal Lecturers and lastly, Readers/Professor.

The selection of the sample numbering 370 was determined from the population of 1491 using the Taro Yamane's formula and the selection of the sample units involved picking a representative number of respondents from each sub-sample, at random. Out of the 370 questionnaires administered, 304 were retrieved, giving us a response rate of 82.16%.

**Table 2: Distribution of the Sample Size to the Tertiary Institutions Studied**

S/N	Tertiary Institutions	Sample Size
1.	Delta State University, Abraka	149
2.	College of Education, Agbor	48
3.	Federal College of Education (Tech.), Asaba	46
4.	Delta State Polytechnic, Ogwashi-Uku	38
5.	Delta State Polytechnic, Ozoro	34

Source: Field Survey, 2010

**Table 3: Distribution of the Sample Size to the Three Sub-Samples Studied**

S/N	Tertiary Institutions	Lect1/11	Snr/PrinLect	Reader/Prof.	Total
1.	Delta State University	80	40	29	149
2.	College of Education, Agbor	25	15	6	48
3.	Fed. College of Education, Asaba	25	15	8	46
4.	Delta State Polytechnic, O/Uku	20	10	4	38
5.	Delta State Polytechnic, Ozoro	20	10	8	34
	Total	167	87	50	304

Source: Field Survey, 2010

The research instrument for the study was a structured questionnaire. This was a modified form of the instrument used by Brownell (1994), Ng and Pine (2003) and Zhong (2006). This was necessary to better address the new respondents in a different environment.

Women career advancement was the dependent variable while the gender issues were the independent variables. Women career advancement was operationalised in terms of senior executive positions: programme directors, dean, bursar, provost, rector, and vice chancellor in the sampled

tertiary institutions. The gender issues, on the other hand, were operationalised using two categories of predictors: facilitators and constraints.

The analysis of the data involved the use of both qualitative and quantitative analytical techniques. Descriptive summaries were used to analyse survey results and answer the research questions. Frequencies, percentages, means and standard deviations for each sample group were derived and common factor analysis (CFA), z-tests, chi-square were also used.

**Results**

**Analysis of Responses of what constitutes Gender Issues in the workplace**

**Table 4: Comparing (z-tests) Gender Issues of Women’s Career Advancement by Gender for Two Groups**

S/N	Gender Issues	Lecturers					Committee Members				
		Female (n=78)		Male (n=124)		Z	Female (n=29)		Male (n=73)		Z
		Mean	SD	Mean	SD		Mean	SD	Mean	SD	
1.	Females face significant obstacles to career advancement in tertiary institutions	4.71	1.34	4.58	0.68	0.86	4.48	0.59	4.33	1.03	0.81
2.	Female deans/directors treat female lecturers differently than they treat male lecturers	4.43	0.85	2.42	1.54	12.34	4.48	0.51	4.35	0.84	0.76
3.	Male HODs treat female lecturers differently than they treat male employees	4.08	0.85	2.66	1.34	9.03	4.61	0.50	4.06	1.10	3.05
4.	Female lecturers in tertiary institutions respond differently to female HODs than to male HODs	4.13	0.91	2.74	1.23	9.14	4.61	0.50	4.48	0.70	0.85
5.	Male lecturers in the academia respond differently to female HODs than to male HODs	3.35	1.37	3.98	1.11	2.83	4.48	0.51	4.55	0.81	-4.41
6.	The factors that contribute to career advancement are different for males and females	4.36	0.73	3.56	1.11	4.44	4.52	0.51	4.63	0.63	-0.68
7.	The factors that constrain career advancement are different for males and females	4.48	0.78	4.15	0.78	2.90	4.74	0.45	4.22	1.01	3.04

Source: Field survey (2010)

**Gender Issues**

**Lecturers**

Both groups agreed that Females face significant obstacles to career advancement in tertiary institutions. However, there were significant differences found in the lecturer group on items 2-5 with z scores greater than 1.645 (the table value of z) where female lecturers agreed and the males disagreed

that:

1. Female deans/directors treat female lecturers differently than they treat male lecturers, Male HODs treat female lecturers differently than they treat male employees:
2. Male HODs treat female lecturers differently than they

- treat male employees
3. Female lecturers in tertiary institutions respond differently to female HODs than to male HODs,
  4. Male lecturers in the academia respond differently to female HODs than to male

Both male and female lecturers agreed on items 6 (that the factors that contribute to career advancement are different for males and females) and 7 (the factors that constrain career advancement are different for males and females)

### Committee Members

Both male and female committee members unequivocally agreed on all the gender items i.e. committee members are of the opinion that women encounter gender issues in the tertiary institutions where they work. Scores for two gender issues were however found to be significant for this group: items 3 (male HODs treat female lecturers differently than they treat male employees) and 6 (the factors that contribute to career advancement are different for males and females) with z scores of 3.05 and 3.04,  $p=0.05$  respectively.

**Table : 5 Analysis of what the women should do to overcome gender related barriers in tertiary institutions**

S/N	Activities (What to do)	Lecturers' Rank		Committee Members' Rank		Groups Total	Overall Rank
		Female	Male	Female	Male		
1.	Women should obtain adequate educational qualifications	1	2	1	1	5	First
2.	Women should possess adequate job knowledge	2	1	2	3	8	Second
3.	Women should have a positive attitude to work	3	3	4	2	12	Third
4.	Women should have career goals and make right educational choices	4	6	3	5	18	Fourth
5.	Women should engage in networking and office politics	5	4	5	6	20	Fifth
6.	Women to seek high visibility assignments	6	5	7	7	25	Sixth
7.	Women should possess effective Communication skills	8	9	6	8	31	Eighth
8.	Female bosses should support female subordinates	9	7	8	4	28	Seventh
9.	Women should seek support and guidance from mentors	7	10	11	10	38	Ninth
10.	Female executives should develop style with which men are comfortable	10	11	9	11	41	Eleventh
11.	Female executives should exceed performance expectations	11	8	10	9	38	Ninth

Source: Field survey (2010)

The ranking of the factors depicts their relative importance as perceived by the respondents.

Male and female lecturers and committee members ranked the under listed as constituting the most important factors that would assist female employees overcome gender related barriers:

1. Employing women with adequate educational qualifications;
2. Employing women with adequate job knowledge;
3. Encouraging women to have a positive attitude to work;
4. Encouraging women to have career goals; and
5. Women should engage in

networking

The study reveals as shown in the table above that all the factors can aid women in overcoming gender related obstacles in the workplace but in a descending order of magnitude. Foremost among these factors is the need for women to obtain adequate educational qualifications. Education plays an important role in gender and development (Lawanson, 2008). It provides the bedrock on which other elements: economic, social, political and religious growth and development rest and serves as a means for emancipation from the shackles of traditional oppression, poverty and other forms of degradation to which women are exposed.

**Table 6 : Analysis of what academia should do to assist women overcome gender related obstacles in tertiary institutions**

S/N	Activities (What to do)	Lecturers' Rank		Committee Members' Rank		Groups Total	Overall Rank
		Female	Male	Female	Male		
1.	Assisting women in managing conflicts with family responsibility	1	2	2	1	6	First
2.	Assisting women in managing childcare responsibility	2	1	1	2	6	First
3.	Providing support systems at work	4	4	3	4	15	Third
4.	Discouraging the employment of women with inadequate knowledge	3	3	4	5	15	Third
5.	Having policies that make senior management to be comfortable with women in the top management team	5	7	5	3	20	Fifth
6.	Formulating policies that discourage inequity in training	6	5	9	6	26	Sixth
7.	Formulating policies that discourage lack of equity in promotion decisions	7	6	8	8	29	Seventh
8.	Discouraging old boy network	8	8	6	7	29	Seventh
9.	Formulating policies that discourage inequity in pay	11	11	7	9	38	Ninth

10.	Formulating/ implementing policies that discourage sexual harassment	9	10	10	10	39	Tenth
11.	Formulating/ implementing policies that accommodate married female employees	10	9	11	11	41	Eleventh

Source: Field survey (2010)

Among the eleven factors outlined as means of helping women overcome gender related barriers, the following items ranked the top five (5) factors for both male and female lecturers and committee members in a descending order of magnitude:

1. Assisting women in managing conflicts with family responsibility
2. Assisting women in managing childcare responsibility
3. Providing support systems at work
4. Discouraging the employment of women with inadequate knowledge
5. Having policies that make senior management to be comfortable with women in the top management team

Both females and males lecturers and committee/Board members perceived 'assisting women in managing conflicts with family responsibility' and 'assisting women in managing childcare responsibility' as the most important means of getting rid of gender related obstacles women face in the workplace. The reason is not farfetched as findings reveal that these factors constitute major constraints to working women especially those aspiring and are career minded, who seek senior executive positions. The perceived traditional roles of men and women in the Nigerian society have not changed. Hence,

women who are employed outside their homes are expected to still carry out their domestic obligations without the help of their male spouses.

According to Galbraith (2008), the requirements of the twenty-first century workforce are increasingly more stringent. In order for women to be successful in the future, these institutions will need to cast for talents, particularly the untapped potential of women in leadership positions. Organisation would need to assist women in their career through Human Resource practices as well as organizational changes originated from the executive leadership and implemented at the work-level. Corporations require women performing at their best for long-term success, and this can only be achieved by removing the systemic barriers that are inhibiting women's progression.

### Summary of Findings

On the basis of data analysis carried out in the study, the following constitutes the major findings:

- females experience gender related obstacles in the tertiary institutions where they work
- females and male bosses are consciously or unconsciously party to gender related issues in tertiary institutions
- gender related obstacles prevent women from advancing in their

career

- some of the gender related obstacles are internal to the women while
- others are external to them and are institution-based

### Conclusions and Recommendations

On the basis of the findings of this research, we can conclude that tertiary institutions are confronted by gender issues that impede the career progress of women and prevent them from occupying leadership roles in tertiary institutions. This results in a situation where the number of women in senior executive positions tertiary institutions is no where comparable with that of men.

The implications of this situation are that women continue to be relegated to non strategic positions where they cannot be party to policy or decision making process of the institutions and men make all the decisions that substantially do not consider the interests of the women. This situation over time has led to the erroneous conclusion that women are not built for leadership and do not have what it takes to lead.

Moreover, gender issues continue to instill in women and make them believe that leadership is not meant for them but for the men alone. This has resulted in the 'legalisation' of male superiority.

Gender issues are man-made, institutional and societal issues that having been left unopposed have entrenched themselves deeply in the minds of women and men alike. They can also be surmounted by putting the

right strategies in place. These strategies include those internal to the women border significantly on enhanced educational attainments. External strategies are in form of providing support system at work for them in such areas as childcare responsibility, policies that make senior management to be comfortable with women in the top management team.

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## **EFFECT OF EFFECTIVE REWARD MANAGEMENT ON THE PERFORMANCE OF CIVIL SERVANTS IN ENUGU STATE, NIGERIA**

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### ***ABSTRACT***

*The study investigated the effect of effective reward management on performance of civil servants in Enugu State. The study were to: determine the effect of pay reward on productivity in Enugu State civil service. ascertain the effect of employee recognition on commitment in Enugu State civil service. examine the effect of conducive work environment on effectiveness in Enugu civil service. The study had a population size of 1481, out of which a sample size of 369 was realized using Godden (2004) formula at 5% error tolerance and 95% level of confidence. Instrument used for data collection were a questionnaire designed on a 5-point likert scale. The survey research design was adopted for the study. The hypotheses were tested using simple linear regression statistical tools. The findings revealed that Pay Reward has a significant positive effect on Productivity ( $r = .924, p < .05$ ). Employee recognition has a significant positive effect on commitment ( $r = 0.808; t = 18.600; F = 2.371E3; p < 0.05$ ). Conducive work environment has a positive effect on effectiveness ( $r = .906, p < .05$ ). The study conclude that to be effective in the workplace, management must understand the financial and non-financial rewards that can adequately influence the performance of the employees. The study recommended that government should endeavour to provide employees with adequate pay reward to facilitate the achievement of desired high productivity.*

**Keyword: Pay Reward, Employee Recognition, Productivity and Commitment**



## **Introduction**

Managing reward is largely about managing expectations - what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. Expectations are built into the employment relationship, the starting-point of which, from the reward point of view, is an undertaking by an employee to provide effort and skill to the employer, in return for which the employer provides the employee with a salary or a wage (Olajide, 2000).

Reward means a thing given to any one because of his contribution to organization. Rewards and incentives contribute to strategy implementation by shaping individual behavior in the organization. A well design reward system is consistent with organizational goals, visions, missions and job performance. The most obvious reward that individual gets from the job is in the form of pay (Brain, 2015). In managerial term, reward is defined as the total return given by an employer to an employee for rendering his/her services towards the organizational objectives. This is the overall return from the work. Every person asks for return from the organization before involving in any type of activities, which is termed as the reward. It attracts a worker's attention and inspires him/her to perform the task. Moreover, a reward is a pay-off for performance which is directly concerned with the level of motivation and job satisfaction (Brain, 2015).

Therefore, management of reward in an organization helps to motivated and retain employees at work. It is a vital aspect of HRM because a well-designed reward system will lead towards organizational productivity and employees' satisfaction. Moreover, reward management is the process of creating, implementing and

controlling an effective reward system in the organization that helps to maintain and improve organizational performance. It senses the strategic purposes of attracting, motivating and retaining employees. Reward management basically focuses on how the employees can be retained or motivated at work (Brain, 2015).

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very crucial for an organization (Maund, 2001). Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Wilson, 2003). The only way employees will fulfil the employers dream is to share in their dream (Kotelnikov, 2010). Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non-monetary bonuses like vacations or a simple thank-you. When employees are rewarded, they get work done. Employers get more of the behaviour they reward, not what they assume they will automatically get from employees. Thus when employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. By doing this, employees directly connect the reward with behaviour and higher performance they have attained.

Effective reward systems should always focus on the positive reinforcement. Positive reinforcement encourages the desired behaviour in organizations. This encourages employees to take positive actions leading to rewards. Reward programs should be properly designed in the organization so as to reinforce positive behaviour which leads to performance (Torrington & Hall, 2006).

An organization for global manufacturer of brand-name products for consumers needed to improve levels of employee motivation fast in order to improve performance. Managers focused on 'recognition' as the key to raising employee morale. Every employee could nominate anyone they considered worthy of recognition. Successful employees got certificates and they really felt appreciated. In the experience of a 'recognised employee' "to be recognised formally gave me extra motivation and made me wonder what i could do to keep the momentum going" (Gyurcik & Brawley, 2000).

Abba and Anazodo (2006) argue that civil service in Nigeria comprises workers in the various ministries or departments apart from those who hold political appointments. Civil Service reform on the other hand refers to the purposeful modification of governmental human resource management system with the goal of maximizing important administrative values (Anazodo, 2009).

Despite the arguably important nexus between rewards management and employee performance in both public and private sector organizations, it is worrisome to note that management of many organizations, particularly those of civil service, hardly consider it as a critical aspect of managing employee's performance. Consequently, employee performance that

is a crucial input for sustaining increasing organizational productivity has been largely absent thereby making it extremely difficult for the service to achieve set objectives (Olajide, 2000).

While Akerele (1991) has blamed the low productivity level of Nigerian workers on several factors, particularly the failure of employers to provide adequate compensation for hard work, Markova and Ford (2011) emphasized that the real success of organizations originate from employees willingness to use their creativity, abilities and know-how in the direction of their organizations' growth and development path in response to the favourably stimulating and encouraging reward practices. It is on this note that this study examines the relationship between effective reward management and employee performance in Enugu State Civil Service. Reward management is one of the strategies used in organizations to improve organizational performance. The Nigerian civil service has been oversized and poorly remunerated resulting in poor service delivery. It must be noted, however, that civil servants face a lot of difficulties in the discharge of their duties in Nigeria. Also, notes that problems of civil servant in Enugu State ranges from poor and irregular pay to lack of rewards to motivate them and enhance their performance.

### **Objectives of the Study**

The broad objective of this study is to examine the effect of effective reward management on performance of civil servants in Enugu State. However, the specific objectives are to:

- i. Determine the effect of pay reward on productivity in Enugu State civil service.
- ii. Ascertain the effect of employee recognition on commitment in Enugu State

civil service.

### Research Hypotheses

The following hypotheses were formulated to guide the study:

- i. Pay reward significantly affect productivity in Enugu State civil service.
- ii. Employee recognition significantly affect commitment in Enugu civil service.

### Significance of the Study

This study which seeks to explain the relationship between rewards and employee performance in civil service, will be of immense benefits to different categories of people:

Policy makers in the three tiers of government will find the recommendations from this study very useful because it will give sufficient insight into the issues of reward management and employee performance in civil service. The government will see the need to take the issue of reward, both financial and non-financial very serious and improve productivity in civil service.

Employees also would be better enlightened on the issues of reward in civil service so that they are properly guided on what they should expect from their employers to reduce tendency for conflict between them and their employers. High productivity and output demand that work environment be harmonious.

The students and researcher will also benefit from the study because it will serve as a base data for those who might want to carry out further studies in the area.

### Conceptual Framework

Armstrong (2013) states that reward system refers to all the employer's available tools that may be used to attract, retain, motivate and satisfy employees. Thompson (2002) defined reward as appreciation in cash or in

kind given to employees for their extra contributions to the organization. Armstrong (2009) defined total reward as a combination of financial and non-financial rewards in a given reward system. He stressed that total reward has always been advocated for because it is still not yet clear which of the rewards (financial or non-financial) is more effective in motivating employees for high performance.

In a related development, the word motivation is derived from motive, which is an active form of a desire, craving or need, which must be satisfied (Kida, Mahmud and Nuhu, 2015). They noted that it is a common phenomenon talked about by people in a given organization. Allan, Gadon and Willits (2001) in Halepota (2005) defined motivation as an inner state of mind that causes a person to behave in a way that endures the accomplishment of state goals. To them, motivation is something which impels a person to act, a reason of behaviour. They further stated that motivation is not manipulation of people but understanding of needs wages which prompts people to do something.

In their draft to UNDP, Theisoehn and Land (2006) opined that motivation refers to the initiation, direction, intensity and persistence of behavior. Incentives on the other hand, are external measures that are designed and established to influence motivation and behavior of individuals, groups or organizations. Cole (1996) states that motivation is the term used to describe those processes both instinctive and relational by which people seek to satisfy their basic drives, perceived needs and personal goals which trigger performance. But to stoner (2002), motivation is a human psychological characteristic that contributes to a person's degree of commitment. He added that it is very important in the consideration of the

performance and output of employees in organizations.

Employee motivation is essential to organizational effectiveness and is a predictor for performance of employees.

Rowley (2011) defines employee recognition as the acknowledgement an organization gives to the employee for accomplishment and that it satisfies an employee's esteem need. Also, Ryan (2013) describes employee recognition in an organization as a non-financial reward that arouses inner feeling of satisfaction which gives him greater sense of belonging in the organization. Jenson (2007) defines employee recognition as an appreciation organization shows to an employee for the job well done. He noted that such recognition has proved to be more effective than financial reward in many occasions. According to him, recognition as a form of nonfinancial reward does not get eroded by mortgage, rent, utilities and other automatic payments from their bank accounts as it applies to the financial reward.

### **Pay Reward**

This motivation is induced by external factors which are primarily financial in nature. The incentives and reward has been a subject of debate, whether they really motivate the employees or simply move them to work.

Ryan and Deci (2012) defines extrinsic motivation as the attainment of a separate outcome from the performance of an activity. Extrinsic motivation encourages staff to complete their task in order to receive the reward. In other words, reward motivates people to get rewards. They opined that the overall strategic aim of reward system management is to develop and implement the reward policies, processes and practices required to support the achievement of organizational goals by

helping to ensure that it has the skilled, competent, well-motivated and committed people it needs. The philosophy underpinning the strategy is that people should be rewarded for the value they created. The objective is therefore to create reward processes that are based on beliefs about what the organizational values prepared to pay for (Mintzberg, 2011). The reward strategy will be driven by the need to reward the right things and is to convey the right message about what is important in terms of expected behaviours and outcomes. Reward system management strategy defines what the organization intends to do in the longer term to develop and implement reward policies, practices and process that will enhance the achievement of its goals.

Ejumudo(2014) states that the debate as to whether money motivates is still on-going, there is however the contention that money can take on varying degrees of importance because it has the potential of serving sundry needs. More importantly, pay reward system is a product of an organization's philosophy and policy that provides guideline for the implementation of reward strategies and the design of incentives and packages. This understanding according to him explains why the policy direction and the level of rewards of an organization is an indicator of its pay reward system whether the organization is a high payer, is content to pay average. Pay reward system that is an out-growth of policy refers to the 'pay stance' of an organization (Bright, 2012). He reiterated that pay reward system is a function of the interplay between the extent to which the organization demands high levels of performance from its employees, the degree to which there is competition for good quality people, the traditional posture of the company, the organization culture

and level of commitment to the dynamics of a competitive high pay. He conclude by stating that ensuring sustained high levels of employee performance through competitive pay reward system is a way of achieving organizational goals. A process which is owned and driven by line management.

### **Employ Recognition**

Employee recognition is a form of non-financial reward/non-cash, and it could be in form of social recognition, praise and genuine appreciation for job well-done (Okwudili, 2015).

Lotta (2012) posits that financial incentives are indeed a way of motivating the employees for greater performance but added that in comparing the effectiveness of financial and non-financial reward in inducing higher employee performance, the non-financial reward is more appreciated by the employees. Nelson (2014) notes that praise and recognition are the most cherished intrinsic reward that enhances employee performance, especially in civil service where pay reward seldom comes. In his own view, Jenson (2007) sees intrinsic reward as a tool that motivates employees to perform far more than expectations in the organization because the value of such reward does not erode easily unlike pay reward whose effect disappears as soon as the money finishes.

Rowley (2011) sees it as imperative for organizations to recognize achievements, assign important tasks to the employees and provide them with the authority to execute such responsibilities. In his opinion, such empowerment upgrades employee status and make them feel valued and worthy of trust. He posits that recognizing employees' accomplishment is another way of making them satisfy their esteem needs. He remarked that apart from recognition, through all forms of appreciation, involving

employees in decision making in an organization is one form of motivation that is more potent than any other. To him, such recognition does not only make the employee feel valued but also gives him a sense of belonging that arouses his inner feeling of satisfaction that does not only make him perform at his best but also make him to be deeply loyal to the organization.

Bruce and Walton (1992) views non-monetary incentives come in many forms such as gifts, reward, travels and some are more tangible than other since they are visible and/or can be compared to financial benefits. Less tangible incentives relate for instance, to work flexibility, independence of working, recognition of one's work, the possibility of advancement. The value of non-financial material incentives seems to be perceived as a function of psychological process. NGFL (2008) compared monetary and non-monetary rewards in terms of their impact upon employees by observing that monetary reward directly involve financial benefits to the workers while non-financial rewards provide the workers with psychological benefits. These psychological benefits may be in a form of memorable experiences as asserted by Vecchi (2011).

According to Vecchi, a travel reward brings new memories that can last a lifetime and bring about good feelings connected with the organization for years to come. Vecchi notes further that non-financial ways to motivate employees may require a great deal of time and commitment from senior managers in the organization in order to have meaningful impact. Since their importance cannot be overemphasized, it is imperative that non-monetary rewards should form one important part of a complete employee recognition programme along with monetary rewards because each

employee may be motivated by a different factor or a combination of factors. It follows that non-monetary rewards can be used for either individual or team rewards for obvious advantages.

### **Theoretical Framework**

The theory upon which this study was anchored on is the Expectancy theory propounded by Victor Vroom in 1964. The choice of Victor Vroom's Valence Expectancy Theory was informed by the fact that the issues involved in employee motivation to induce better performance in the workplace, can be adequately analyzed within the framework of the theory.

The theory is popularly referred to as Valence-Instrumentality-Expectancy (VIE). The major and critical assumption of the theory is that if one thing happens, it will lead to another and that the expectancy in the proposition is the probability that an action or effort will lead to an outcome. Vroom clarified thus:

Where an individual chooses between alternatives which involve uncertain outcomes, it seems clear that his behavior is affected not only by his preferences among these outcomes but also by the degree to which he believes these outcomes to be possible. Expectancy is ... a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome.

In fact, according to Vroom, the model is based on the assumption that man is a relational being and will always try to maximize his pay-off. He will choose an alternative that will give him the most benefit. Hence according to the theory, motivation to work is strongly determined by an individual's perception that a certain type of behavior will lead to certain type of outcome and his personal performance for that type of outcome (Chandan, 1987). Put

differently, Vroom who attacked Herzberg's two-factor theory on the ground of being too dependent on the constant and context of his research alone, was of the opinion that a person's motivation toward an action is determined by his anticipated values of all positive and negative outcomes of the action multiplied by the person's expectancy that the outcome would yield the desired goals (Vroom, 1964). He further contended that motivation is produced by the anticipated worth of an action to a person's perception of the probability that his goal would be achieved. Vroom's theory can be stated thus:  $\text{motivational force} = \text{valence} \times \text{expectancy}$ .

Expectancy is the perception that a particular outcome will occur as a result of certain behavior while valence is concerned with how much value an individual places on a specific outcome. Both must be present before a high level of motivation can occur (Ile, 1999). In its form, the theory is concerned more with choice behavior of both management and the worker, which can lead to desired outcomes of regards (Peretomode, 1991). According to Ejiofor (1984), the theory states that motivation force which an employee exerts to do his job depends on both expectancy and valence.

The theory has found wide application in explaining the complex issues of employee motivation and performance in both private and public sector organizations. It is like a social contract in which the law of reciprocity prevails. The employee expects fair treatment from the employer so that he/she can reciprocate with better performance.

### **Performance**

Performance of any organization to a large extent depends on the performance of its employee. Whatever the size and nature of any organization, the kind of activities it

carries out and the environment in which it operates, to succeed depends on its employees' decisions and their behavior. In the competitive environment of modern era organizations are persistently improving performance of their employee by improving Human Resource Practices (Kamrah, Umar, Rizwan and Khurram, 2007). Performance in business setting means the extent to which objectives have been or are being met. Put in another way, performance refers to the degree to which organizations goals and objectives are achieved (Nwachukwu, 2006).

Performance is measured from concepts – efficiency and effectiveness. Efficiency refers to the rate of resource utilization, i.e. cost incurred in the course of work done, while effectiveness refers to the extent to which results are achieved by way of units of goods produced or sold, value of content executed etc. (Nwachukwu, 2006).

### **Productivity**

Productivity has been defined as the measure of how well resources are brought together in organizations and utilized for accomplishing a set of results. It is reaching the highest level of performance with the least expenditure or resource. To operationalize productivity in a public enterprise, the ratio of total output to total input is very handy. Total input is the naira value of all the factors of production for that year which include land, labour and capital. The limitation of this method of operationalising productivity is that entrepreneurship or management which is a factor of production is difficult to quantify in monetary terms. Another limitation is that for public enterprises that render a service, it becomes difficult to quantify the output in monetary terms since the outputs are intangible (Nwachukwu, 2006).

The measure of productivity has the advantage that it aggregates effectiveness of

the use of the factors of production of the public enterprise to produce goods and services. It draws attention to the fact that an integration of resources, physical and human, will yield higher output of public enterprises whom by the result of total output/total input be greater than 1 (Koontz et al, 2000).

Higher productivity of the employees of a public enterprise has the following good effects:

- i. Higher incomes and profits;
- ii. Higher earnings;
- iii. Increased supplies of both consumer and capital goods at low costs and lower prices;
- iv. Ultimate shorter hours of work and improvements in working and living condition; and
- v. Strengthening the general economic foundation of workers.

Productivity may also be defined as the amount of output (what is produced) per unit of input used. Labour is one input among many. Total productivity is dependent upon a variety of diverse and hard to measure inputs. One simple measure of productivity is the gross domestic product (GDP) per person-hour worked. But it is also a simplistic measure of productivity because it neglects a number of factors such as capital investment (Alan, 2004).

Productivity concerns all managers, but it is especially important to operations managers, the people who must oversee the creation of a firm's goods or services. Productivity can also be looked at as the average level of output per worker per hour. It then means that if each worker at plant 'A' produces seventy-five units per day and each worker at plant B produces only seventy units per day, the workers at plant A

are more productive. If one attendant at a fueling station serves thirty customers per hour and another serves twenty-five per hour, the first attendant is more productive (Pride, Hughes & Kapoor, 2008).

Productivity is an average measure of the efficiency of production. It can be expressed as a ratio of output per unit of input. When all outputs and inputs are included in the productivity measure it is called total productivity. Outputs and inputs are defined in the total productivity measure as their economic values. The value of output minus the value of inputs is a measure of the income generated in the production process. It is a measure of total efficiency of a production process and as such the objective to be maximized in production process.

### **Empirical Review**

Okwudili (2015) carried out a study on the effect of non-monetary reward on productivity of employees among selected government parastatals in Abia State, Nigeria using Pearson correlation coefficient analysis on the data collected from the respondents, the value estimated from the analysis indicated that non-monetary rewards and productivity of employees have positive relationship which is significant at 0.05 probability level (2-tailed). The study concluded that higher productivity and efficiency of employees in government parastatals are possible with the effective exploitation of human resource through non-monetary rewards implementation.

Ejumudo (2004) investigated the relationship between pay reward system management and staff performance in Delta State Civil Service. Sample for the study was drawn from target population constituted by civil servants. The findings of the study indicates that the incongruence of

the pay reward system of the Delta State civil service and the central guiding principle of fairness, cost of living and moderation, the in-grained culture of poor performance and dysfunctional employee mode of entry have negatively impacted on the performance of the staff. The implication of the finding is that poor performance and low productivity being experienced from the civil servants is a result of poor and lack of adequate pay reward to them.

Ejike (2013) carried out a study on implications of employee recognition in an organization, using a sample of 272 respondents drawn from selected firms in Anambra State. He found from the study that employee recognition as one of the nonmonetary rewards to the employee, has the capacity to influence the employee for high performance.

### **Summary of Review of Related Literature**

The study has conceptual review, efforts were made to define and explain major concepts involved in the study. The definitions and opinions about the concepts were scholarly based. Such major concept in the study includes reward (monetary and non-monetary), recognition, motivation, civil service and performance.

The study carried out theoretical review, under the theoretical review, further sub-headings were adopted as follows; pay reward and employee performance; employee recognition and performance; conducive work environment and performance. The study carried out theoretical framework. Empirical review of the study was carried out to examine the studies that related to this study and to discover the gap in the literature. The gap in the literature so far will be filled by the



course of this study.

### Methodology

The study employed a survey research design. The population for this study is the senior civil servants that work at Enugu State Secretariat complex, Enugu. We presumed that this category of workers in the state civil service can conveniently discuss issues relating to reward management and employee performance. Through the nominal roll of each ministry at the secretariat, a population of 1481 civil servants was identified. The sample size used in the study was 330 civil servants from Enugu State Secretariat complex, Enugu.

The instrument for data collection used in this study was a structured questionnaire. The questionnaire has two parts. All the questions in part A provides general information about the respondents while the remaining questions in part B address the research questions. Instrument designed is worded on a 5-point Likert scale. Data were presented in tables and percentages. For the test of the hypotheses, linear regression analysis was used 1 and 2, while Pearson product moment correlation coefficient was used to test hypothesis 3 using SPSS. Content validity was adopted using three experts from Department of Management University of Nigeria, Enugu Campus and civil servants from Enugu State Secretariat complex, Enugu that rephrases wordings

for clarity, relevance and coverage of variables in the study objectives. These gave the instrument a content validity. A test-re-test method was adopted for this study. A pilot study was carried out, 100 copies of the questionnaire were administered to the senior civil servants in Enugu State studied. After two weeks, the questionnaire was collected and re-administered for the second time. Cronbach alpha coefficient of reliability was used to determine consistency of the instrument. The reliability result is 0.93.

In Management Sciences, a confidence level between 95 and 100 percent is often allowed as provision for committing a type one error (that is rejecting the null hypotheses when it should have been otherwise accepted). In this work, therefore, the 95% level of significance confidence level was applied. This meant that the specified hypotheses were tested at 5% or 0.05 level of significance.

### Presentation, Analyses and Interpretation of Data

The presentation and interpretation of data were based on questionnaire administrated to the staff of civil service in Enugu State, Nigeria. A total three hundred and thirty (330) copies of the questionnaire were distributed to the respondents. A total of three hundred and twenty (285) copies were returned while forty five copies (45) were not returned.

**Table 4.1 Distribution and Return of the Questionnaire**

Firms	Distributed	%	No Returned	%	No not Returned	%
Enugu Civil Servant	330	100	285	86.4	45	13.6
<b>Total</b>	<b>330</b>	<b>100</b>	<b>285</b>	<b>86.4</b>	<b>45</b>	<b>13.6</b>

Source: Researcher Field Survey 2016

Table 4.1 shows that 86.4% of the distributed copies of the questionnaire were returned and used 13.6% were not returned and was not used.

**Table 4.2 Examine the effect of pay reward on productivity in Enugu State civil service**

	Options	Agree	Strongly agree	Disagree	Strongly Disagree	Total
1.	Pay reward has a positive effect on productivity	95	152	23	15	285
2.	Pay reward enhances the quality	140	122	18	5	285
3.	There is a relationship between pay reward and growth	135	125	17	8	285
	<b>Total</b>	769(89.9%)		86 (10.1%)		855

Source: Field Survey, 2016

Table 4.2 shows that 769 (89.9%) indicated agreement while 86(10.1%) indicated disagreement, this shows that Pay reward has a positive effect on productivity.

**Table 4.3 Ascertain the effect of employee recognition on commitment in Enugu State civil service**

	Options	Agree	Strongly agree	Disagree	Strongly disagree	Total
4.	Employee recognition has a significant positive effect on commitment	115	145	13	12	285
5.	Employee recognition enhance commitment	98	129	25	33	285
6.	There is a relationship between employee recognition and commitment	117	149	10	9	285
	<b>Total</b>	753(88%)		102(11.9%)		855

Source: Field Survey, 2016

Table 4.3 shows that 753 (88%) indicated agreement while 102(11.9%) indicated disagreement. This shows that Employee

recognition has a significant positive effect on commitment in Enugu State, Nigeria.

## Test of Hypotheses

### Hypothesis One

Ho: Pay reward has no significant effect on productivity

Hi: Pay reward has a significant effect on productivity

**Table 4.4 Contingency Table for testing Hypothesis (1) Referred Table 4.2**

	Options	Agreement	Disagreement	Total
1	Pay reward has a positive effect on productivity	247(256.3)	38(28.6)	285
2.	Pay reward enhances the quality	262 (256.3)	23(28.6)	285
3	There is a relationship between pay reward and growth	260 (256.3)	25(28.6)	285
	<b>Total</b>	769	86	855

**Table 4 .5a Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.924 <sup>a</sup>	.854	.853	.47872	.119

a. Predictors: (Constant), Pay Reward

b. Dependent Variable: Productivity

**Table 4.5b ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	319.190	1	319.190	2.393E3	.000 <sup>a</sup>
	Residual	54.543	448	.229		
	Total	373.733	449			

a. Predictors: (Constant) Pay Reward

b. Dependent Variable: Productivity

**Table 4.5c Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.639	.062		10.359	.000
	Pay Reward	.790	.021	.924	15.320	.000

a. Dependent Variable: Productivity

R = 0.924  
 $R^2$  = 0.854  
 F = 2.393E3  
 T = 15.320  
 DW = 0.119

**Interpretation:**

The regression sum of squares (319.190) is greater than the residual sum of squares (54.543), which indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance. R, the correlation coefficient which has a

value of 0.924, indicates that there is significant positive effect on productivity. R square, the coefficient of determination, shows that 85.4% of the variation in productivity is explained by the model.

With the linear regression model, the error of estimate is low, with a value of about .47872. The Durbin Watson statistics of 0.119 which is not more than 2 indicates there is no auto correlation.

The Pay Reward coefficient of 0.924 indicates there is significant positive effect on productivity, which is statistically significant (with  $t = 15.320$ ). Therefore, the null hypothesis should be rejected and the alternative hypothesis accepted. Thus, Pay

Reward has a significant positive effect on Productivity.

effect on commitment  
 Ha<sub>2</sub>: Employee recognition has a significant effect on commitment

**Hypothesis Two**

H<sub>0</sub>: Employee recognition does not have

**Table 4.6 Contingency Table for Testing Hypothesis (2) Referred Table 4.3**

	<b>Options</b>	<b>Agreement</b>	<b>Disagreement</b>	<b>Total</b>
1	Employee recognition has a significant positive effect on commitment	260 (251)	25 (34)	285
2.	Employee recognition enhance commitment	227(251)	58(34)	285
3.	There is a relationship between employee recognition and commitment	266(251)	19(34)	285
	<b>Total</b>	<b>753</b>	<b>102</b>	<b>855</b>

Source: Field Survey, 2015

**Table 4 .6a Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.808 <sup>a</sup>	.621	.820	.68838	.031

a. Predictors: (Constant), Employee recognition

b. Dependent Variable: Commitment

**Table 4 .6b ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1123.548	1	1123.548	2.371E3	.000 <sup>a</sup>
	Residual	245.460	318	.474		
	Total	1369.008	319			

a. Predictors: (Constant) Employee recognition

a. Dependent Variable: Commitment

**Table 4.6c Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.738	.061		12.104	.000
	Employee recognition	.950	.020	.906	18.600	.000

a. Dependent Variable: Commitment

R	= 0.808
R <sup>2</sup>	= 0.621
F	= 2.371E3
T	=18.600
DW	= 0.031

### Interpretation:

The regression sum of squares (1123.548) is greater than the residual sum of squares (245.460), which indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance.

R, the correlation coefficient which has a value of 0.808, indicates that employee recognition has a positive effect on commitment. R square, the coefficient of determination, shows that 62.1% of the variation in the performance of civil service is explained by the model.

With the linear regression model, the error of estimate is low, with a value of about .68838. The Durbin Watson statistics of 0.031, which is not more than 2, indicates there is no autocorrelation.

The employee recognition coefficient of 0.808 indicates a positive significance between employee recognition and commitment in civil service, which is statistically significant (with  $t = 18.600$ ). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted. Thus employee recognition has a significant positive effect on commitment.

### Discussion of Findings

Hypothesis one was tested using linear regression, to determine the effect of pay reward on productivity in Enugu State civil service. With a computed result ( $r = .924$ ,

$p < .05$ ). The null hypothesis was rejected and alternate hypothesis was accepted resulting in the conclusion that Pay Reward has a significant positive effect on Productivity. Amin, Hossein & Saeed (2013) states that Reward management system has a positive and significant effect on employee performance.

Hypothesis two was tested with simple linear regression to ascertain the effects of effect of employee recognition on commitment in Enugu State civil service, with a computed result ( $r = 0.808$ ;  $t = 18.600$ ;  $p < 0.05$ ) the null hypothesis was rejected and the alternate hypothesis was accepted resulting in the conclusion that employee recognition has a significant positive effect on commitment. This result was supported by Ejike (2013) who asserts that employee recognition as one of the nonmonetary rewards to the employee, has the capacity to influence the employee for high performance.

### Conclusion

The study concluded that to be effective in the workplace, management must understand the financial and non-financial rewards that can adequately influence the performance of the employees.

### Recommendations

- i. Enugu State Government should endeavour to provide employees with adequate pay reward to facilitate the achievement of desired high productivity.
- ii. Government at all levels should identify what actually motivates individual employees most, so that incentives can be effectively applied to achieve enhanced performance in civil service. For instance, very senior civil servants may prefer social recognition to financial incentives.

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# Effect of Human Resource Outsourcing on the Customers in the Post-Consolidation Banks in Nigeria

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## Abstract

*With the consolidation exercise in the banking industry in Nigeria, service delivery to customers improved. However, the queues which had disappeared post-consolidation have started building up in the banks again leading to severe agitations from customers. The focus of this study therefore is to investigate the effect of lack of job satisfaction of outsourced staff on the quality of service delivery to customers in the post-consolidation banking industry in Nigeria; and to ascertain how the lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation banking industry in Nigeria affects customer satisfaction. Eleven banks out of the 21 Deposit Money Banks in Nigeria post-consolidation are selected for the study. The Raosoft calculator for sample size was used to calculate the sample size to be 377 after assuming a population size of 20,000. The sample was a mix of outsourced staff of the banks (188) and customers (189). Out of the 377 copies of the questionnaire sent out, 361 respondents returned theirs fully completed. The two hypotheses were tested using Spearman's Rank Correlation Coefficient. The results show: (1) there is a statistically significant rank correlation between lack of job satisfaction of outsourced staff in post-consolidation Nigerian banks and the quality of service delivery to customers (2) there is a statistically significant rank correlation between lack of commitment of outsourced staff to the goals of the post-consolidation banks to which they are deployed and customer satisfaction.*

**Keywords:** Job satisfaction, employee commitment, service delivery, organizational goals, customer satisfaction, outsourcing, outsourced staff, the post-consolidation banking industry, post-modern organization.



## **Introduction**

Human resource outsourcing is a strategy that does not allow a firm to handle certain non-core projects, functions or business processes internally (Schuman, 2006); rather a third party who is an external service provider is contracted to handle on its behalf the non-core business activities to enable it to concentrate its resources on its core business activities (Houseman, 2007; Desai, 2012).

The Nigerian banks post-consolidation have adopted human resource outsourcing on a large scale, which has opened them up to partnerships with external service providers. As partners, the reasoning from the point of view of the banks has been that the preference for outsourcing over alternative strategies depends on their abilities to afford the economic costs associated with it; and the anticipated value accruable to them from giving out some of their operations to other parties. On the other hand, viewed from the side of the service providers or vendors, the thinking has been that the success of any outsourcing exposure would depend on their own sincerity and competence, as well as the anticipated value accruable to them. It also depends on the nature of service outsourced to them, and the extent to which the parties would want to be involved in applying the outsourcing exposure (Lee, Huyah, Chiwai, and Pi, 2000).

Hitherto, the theoretical position of the classical management theory perceived organizations as closed systems which had no interactions with the external environment. However, the legacy of the systems approach to management thought as shown in the pioneering works of Parsons (1956), Katz and Khan (1978), Koontz (1980), and other scholars, is that organizations are open systems.

An open system is one that exists in an interdependent relationship with its external environment as it imports its input resources (human, capital, managerial, technological, etc) from the environment, which are put through a process of transformation, and thereafter the finished products are exported to the environment as outputs (products, services, satisfaction, goal integration of claimants to the enterprise, etc). Consequently, organizations, as systems, are no longer perceived as strictly productive entities in isolation of the providers of input resources and consumers of finished products; and in today's global world, organizational interdependence has become the mainstay (Huczynski and Buchanan, 2007).

Drawing from the position of organizational openness, some strategic management theorists have argued that as a result of the critical nature of managing environmental interdependence to achieve 'domain' consensus, firms develop power (competitive power, cooperative power or defensive power) to perform functions in terms of having effective control of the supply of their inputs as well as the demand of their outputs. It is competitive power if firms evolve strategies for alternative sources of supply of inputs and marketing outputs; cooperative power where they adopt cooperative strategies like contracts, co-optation, and joint ventures; and it is defensive power where the strategies are towards diversification (horizontal, concentric or conglomerate) to seek business opportunities outside the present business. Outsourcing, as an intervention strategy, therefore, emerged from this managing of environmental interdependence among firms in the marketplace, mainly through developing cooperative strategies, leading to firms' increased ability towards adaptation and

survival, through productive efficiency, innovation, networking, standardization, cost reduction, information gathering and sharing, competitiveness, etc (Parsons, 1956; Thompson, 1967; Onwuchekwa, 1993).

The point being made is that a firm's external environment consists of critical factors outside its boundaries that influence its performance. While the managers are able to control effectively the internal environment, some of the factors in the external environment which affect the internal operations of the organization are uncontrollable. The major external factors are categorized into task factors (micro or task environment) and general factors (macro or mega environment). The customers, competitors, suppliers, and the labour force fall into the task environment; while shareholders, society, technology, the economy, and governments fall into the general environment. Thus, the customers and clients constitute a large and critical segment of the task environment because if firms produce goods and services that have no customers to consume them; or goods and services that do not meet the satisfaction and delight of the customers, the firms experience serious challenges (Wehrich and Koontz, 2005).

However, the position that organizations have boundaries; and that their internal structures and processes must be arranged to respond to pressures from the external environment in order to establish a 'fit' with the external environment upon which they depend for survival is essentially an environmental deterministic one. This 'stimulus' (environmental pressures) — 'response' (organizational characteristics) relationship reflects the post-modern organization which some scholars claim has been the

vogue since the 1990s. From this perspective, it follows that firms must continue to respond to changes in the environment in this information age (Huczynski and Buchanan, 2007; Lussier, 2009).

Following the stiff competition that came in the wake of the consolidation exercise in the banking industry in Nigeria, the banks embraced the use of modern technology thereby leading to rightsizing, downsizing and layering. They were compelled to go into personalized banking, new product development, aggressive marketing of their products and deposit mobilization from the erstwhile reluctant banking public. They also adopted strategies to manage working capital for increased liquidity and profitability. As a result, they were able to restore lost confidence in their banks, reduce turn-around time in service delivery to the minimum level, render financial advisory and technical services to customers, as well as provide improved customer care by taking more interest in the private lives (such as good will messages on customers' birthdays and official public holidays) and business interests of their customers (Soludo, 2004; Oviemuno, 2006; Onagoruwa, 2008).

The banks in Nigeria have also embraced outsourcing on a large scale. As organizations operating in the 21<sup>st</sup> century, the organizational changes that have taken place in them have affected the customers in one way or the other. For instance, with the introduction of new technology, especially with the Automated Teller Machine (ATM), customers need not go into the banking hall to cash less than N100, 000.00 (One hundred thousand Naira); and this initially reduced the queues which characterized the banking halls pre-consolidation. However, as the human capital is the most important

resource in the organization, it is pertinent to investigate if the outsourcing strategy has also had a positive impact on the service delivery to the customers and clients of the banks.

### **Problem Statement**

As part of organizational change, most, if not all, of the banks in Nigeria have embraced outsourcing for cost reduction. This has determined the type of employees they need as well as the customers that should purchase their services. With the economic recession in Nigeria, some of the banks are retrenching their core staff; which means that most of the 'employees' in the banking halls today are resourced staff. The salaries paid to outsourced staff are inequitable compared to the core bank staff that perform similar tasks. However, the outsourced staff have become a critical factor in the banks' task environment.

Also, in an era where the rigid boundaries between the bank and their customers are becoming blurred, the customers constitute a key segment of the task environment. Post-consolidation customers experienced better services during the period immediately after the consolidation of banks; but today customers are complaining of poor and rather slow services. Our recent observation is that in spite of the use of ATM cards for withdrawal of N100, 000 (One hundred thousand Naira) and below, the long queues which were associated with the banks pre-consolidation are again gradually building up in the ATM galleries and the banking halls; and this got to its peak at the end of 2016, resulting in untold hardships on the customers. This had led to agitations from customers who have at some occasions reacted by raining abuses on the bank staff. The queues, to say the least, are disturbing; especially where there are no

seats any more for those who are unable to stand the long queues in the banking halls to sit on (Punch, 2016).

We have observed that most of the studies that have been done so far are from the point of view of how HR outsourcing has impacted on the performance of the client organizations; but to the best of our knowledge, no considerable attention has been directed to how the bank customers are being affected by the outsourcing strategy as currently practised in the Nigerian banks. This is because the general impression has been that focus should be on the contracting parties since the applicability of outsourcing depends largely on the mutual synergistic benefits of both parties.

However, beyond the banks and the service providers, we need to see how outsourcing, which has been extended to cover core tasks, affects the customers in the way it is being practised in the banks in Nigeria. We need to know how the attitude of the outsourced staff that constitutes part of the task environment of the banks (since they are not regarded as employees of the banks) affects the customers who are also part of the task environment of the banks in Nigeria. In particular, there is need to ascertain how lack of job satisfaction of outsourced staff affects the quality of service delivery to customers in the post-consolidation banking industry in Nigeria; and how lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation banking industry in Nigeria forces customers to open multiple accounts in different banks.

In the light of the foregoing, we have observed that there is a lacuna; which lies in the fact that to the best of our knowledge, there is a dearth of studies on how the

adoption of the strategy affects the customers of the banks in Nigeria. Much as some studies have confirmed that client organizations, including the banks in Nigeria, are satisfied with the services of service providers, more work still needs to be done to ascertain that the services also affect the banks customers. Failure to do so ignores the tripartite arrangement between the bank, its customer, and the agency; and it renders incomplete the assessment of the outsourcing strategy.

### **Research Objectives**

1. To establish the effect of lack of job satisfaction of outsourced staff on the quality of service delivery to customers in the post-consolidation banking industry in Nigeria.
2. To ascertain how lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation banking industry in Nigeria affects customer satisfaction.

### **Research Hypotheses**

1. Lack of job satisfaction of outsourced staff in post-consolidation Nigerian banks affects the quality of service delivery to customers.
2. Lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation Nigerian banks affects customer satisfaction.

### **Review of Related Literature**

#### **The Employee and Management in the Post-modern Organization**

The post-modern organization which is said to be germane to the present information age, is characterized by flexibility, action-orientation, lean efficient and innovation-driven workforce, timely production according to market demand, focus on entrepreneurial units, focus on networking and subcontracting, de-emphasis on rules,

emphasis on change and quick decisions, response-orientation, and exploitation of uncertainty. Therefore, for employees to enhance effectiveness in their assigned duties, and to experience good quality working life in the present information age, which is typified by post-modern organizations, they must embrace flexibility and networking, be innovation-driven, response-oriented, able to exploit rather than manage uncertainties, and work without rules, which are some of the attributes of the 21<sup>st</sup> century environment (Huczynski and Buchanan, 2007).

However, more recent views held by some scholars are against the 'stimulus-response' paradigm of the post-modern organization which is believed to have evolved from the modern organization. From the position of critiquing the 'environmental determinism' stance of post-modern organization, such scholars argue that rather than perceive firms as mainly existing to respond to environmental changes, the internal dynamics of the senior management team and their decision-making styles, the preferences of the middle management, the union activities at the lower organizational levels as well as past experience, determine the internal operations in the organization. In fact, they argue that environmental 'stimulus' is just one amongst other stimuli that the organization is faced with; and it may not guarantee a response all the time from the organization. Secondly, firms are increasingly becoming interdependent as the rigid boundaries that separated them are now blurred giving rise to borderless cross-border firms. As a result of the breaking down of the boundaries between one organization and another; and between the organizations and the environment, it is therefore not uncommon to find different commercial firms operate in partnerships with other suppliers, and even competitors,

to share costs. Some organizations even treat their customers as though they are organizational members who are allowed to suggest certain changes in organizational rules (Huczynski and Buchanan, 2007).

Furthermore, the 'organization' and the 'environment' are no longer seen as separate domains; as the organization can indeed choose and influence its environment because the environment now falls under the organization's strategic choices (Child, 1997); and how firms react to environmental turbulence depends on 'management perception' of the environment (Duncan, 1979). Some other scholars argue that where management perceives the environment as too hostile for its business, the organizations could indeed 'enact' their environments rather than 'react' to the environment. By this, they mean that organizations, rather than being 'given' environments, could choose their environments by changing their businesses away from highly unstable and hostile environments when the pressure from the present environment becomes too unbearable (which includes customers, suppliers, and competitors) to relatively more stable environments (customers, suppliers, and competitors). Secondly, they could constitute their own environments. The argument here is that the present buildings used for a particular business, could indeed be converted from that business to another type of business by an organization when their management perceives that the environment, including the customers, have become hostile to their present business (Weick, 1979).

Thirdly, it is not all about organizational change and flexibility; there is also room for continuity and stability. The idea has been that the post-modern organizations are, to a large extent, successful because they are

flexible, responsive, are able to subcontract and network; and they de-emphasise rules. This means that flexibility enhances the effectiveness of an organization and the quality of working life; and has therefore become inevitable in organizations. On the contrary, this is not always the case as it is not easy to find organizations whose hallmark is change, flexibility, and empowerment by being highly networked, delayed, information-rich, down-sized, highly skilled, and with well paid autonomous knowledge workers. Rather, organizations could represent the other way round by being characterized by stability, exploitation, and domination (Huczynski and Buchanan, 2007).

Prior to the consolidation of banks in Nigeria in 2004/2005 there were commercial banks whose main business was retail banking; and merchant banks who were involved in wholesale banking. Following the consolidation and the opening up of the banking sphere, merchant banks 'enacted' their environments by merging with or acquiring commercial banks while some commercial banks also merged or bought over merchant banks for synergistic advantages. With this, commercial banks took on wholesale banking in addition to their retail banking; while the merchant banks also took on retail banking in addition to their traditional corporate banking. The external environment of banks in Nigeria which these banks enacted includes customers; some of which were the ordinary men and women whom the regulatory authorities (the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation) felt should be able to put their "deposits in the banks and have a restful sleep" through the consolidation (Soludo, 2004).

What follows from the above arguments is that environmental determinism is a position adopted by management to have a stronger hold on the organization, and increase its sphere of influence. It has been observed that the post-modern organization has indeed become a veritable tool for management to stabilize and concentrate power around itself, through policies that are favourable to it; and could also be used by it to exploit and dominate the employees. For instance, top managements of banks in Nigeria have formulated policies that have continued to stabilize their positions in the banking industry. They have taken decisions to right-size and downsize their workforces, and introduced new technology, on the one hand, and have outsourced most of their core and non-core tasks to external service providers, some of which are subsidiaries of the banks, through which the outsourced staff are being exploited and dominated (Huczynski and Buhanan, 2007).

### **The Customer and Customer Satisfaction in the Post-modern Organization**

Unlike the modern organization, the customers in the post-modern organization are increasingly more interested in how to obtain value; which means that organizations should respond by paying more attention to how to enhance value or create new value (Woodruff, 1997). Organizations need to learn how to adapt to the requirements of the post-modern customer, especially how the customer perceives value. With particular reference to the financial service industry, more than ever before, value creation is not dependent on the traditional methods such as product development; as these contribute little to gaining competitive advantage. Rather, what is of utmost importance is to understand how the consumer perceives

value to be able to survive the competition in a marketplace that has become borderless (Dawes and Brown, 2000).

An important observation is that unlike the consumer in the modern organization whose emphasis was on the functional and utility value of a product or service (that is, how a product or service is able to meet the customer's need), the post-modern customer's focus is on how to build "a sense of self or identity" in a society that has become dynamic and complex. As a result, he is more interested in the cultural value that a product or service provides; and the image it projects; rather than the value in terms of its content. This is why brand loyalty is not too necessary to compete in the post-modern marketplace; as customers are known to switch brands at the slightest drop in service delivery (Berner and Van Tonder, 2003).

Besides, the consumer expects services to be rendered immediately within his own timeframe not the timeframe of the organization; and with information-rich environment, he has a high demand for facts and quality of service; and whenever there are delays in service delivery in terms of turnaround time, he demands explanation (Berner and Van Tonder, 2003). In a situation where a firm is unable to offer satisfactory explanation, it loses credibility and face value (MapActive, 2000). In other words, the post-modern consumer is highly individualistic, is not loyal to any brand, asks for immediate service and immediate satisfaction, focuses on facts, and expects more from products and services than what the firm feeds the public about the product or services through its marketing activities, and builds his own identity through the product or service he consumes (Berner and Van Tonder, 2003).

Berner and Van Tonder (2003), in their study recommend that firms should: (1) have front office and customer interface departments whose employees must be focused, with relevant skills and competencies to register customer desires and preferences in a timely manner (2) put in place receptor network which should be included in the customer-service networking such as call centres, internet, and e-communication (3) have employees who are customer-aware and have data-sensitive orientation (4) have increasing flow of information for rapid response; multitasking employees that have relationship skills, able to carry out customer liaison, possess listening skills, constructive relationship building skills, data gathering skills, problem-solving skills, etc.

### **Service Delivery**

A service is what a customer receives from a seller or producer in return for his or her money (Mohr and Bitner, 1995). The four attributes of a service are that it is intangible, heterogeneous (variable), perishable, and production and consumption are inseparable. By intangibility we mean that a product is a deed, performance or effort which may be difficult for a customer to evaluate before he or she takes a decision to purchase. The company that provides service has the challenge of proving the quality of the service to present and prospective consumers. The onus therefore lies with such a company to use tangible cues (for example, the recorded statements of satisfied customers) to attest to service quality (Jobber, 1998).

The variability attribute means that standardization is not easy as a result of differences in capabilities, attitudes, locations of managers and staff; and the inability of the company to cross-check and

correct deficiencies (like a staff snubbing a customer) between production and consumption. The company could address the challenge arising from variability by applying a rigorous process of recruitment, selection, training, deployment, and reward of staff (Jobber, 1998).

Perishability of a service means that it is not easy to store consumption for the future in form of warehousing. Besides, companies providing service have the challenge of meeting up with demand at peak periods. Therefore supply must be matched with demand for services by being flexible in their service delivery. They could use part-time staff during peak periods; and ensure that the workforce is into multi-skilling and multi-tasking; adopt participation by consumers (self-serving facilities like the ATM galleries in banks; provide comfortable waiting area; and in some cases give room for reservation system whereby consumers could make reservations for specific times to reduce pressure during peak periods (Jobber, 1998).

By inseparability of service, we mean that unlike physical goods, services have simultaneous production and consumption. The company providing the service is an important segment of satisfaction the service provides for the consumer; the way and manner the employees conduct themselves in attending to the customer determines his or her perception of the experience he or she derived from the service. To a large extent, this determines the customer's decision for a repeat business, not necessarily the technical efficiency with which the task is performed. For instance, if the employees are courteous in dealing with their customers, service is rendered at the right time, the right place, and the right way, this is likely to lead to a satisfactory customer experience (Jobber,

1998).

The process of rendering a service leads to an outcome in which the customer is either satisfied or not satisfied with the service experience. As result, the service provider must ensure that considerable attention is paid to the process of designing the system through which the service is produced and delivered to the customers (Brown, Fisk, Bitner, 1994; Mayer, Bowen, and Moulton, 2003). It is therefore expected that the process of delivery will ensure that the service outcome is well received by the customers; hence what should be of paramount importance in the design of the process of delivery is the needs and expectations of the customers (Goldstein, Johnston, Duffy and Rao, 2002).

Thus, two things that must be considered in service delivery are the service outcome and the process of the service delivery which must be perceived to be of good quality by the customers to ensure customer satisfaction, which will, in turn, lead to customer loyalty and retention. Quality of service delivery is measured by the extent to which the service is able to meet the customers' expectations (Mohr and Bitner, 1995; Ndingo'ori, 2015).

The results of studies carried out with regard to how service delivery by outsourcing agents has affected customer satisfaction are mixed. For instance, Hayes (2012) observes that outsourcing is a good strategy for achieving strategic goals, because it reduces costs, and improves customer satisfaction through efficient and effective services. Also, in a study done on the application of the outsourcing strategy in the manufacturing sector in Nigeria, Akewushola (2013) notes that outsourcing has a positive and significant effect on improved service quality and customer satisfaction, resulting in high organizational

performance. This is due to efficiency arising from the fact that some activities are performed by specialized firms to which such activities have been outsourced.

However, in another study done by Ndingo'ori (2015) on the outsourcing of customer service to other service providers by Airtel Network in Kenya, findings show that despite all the many benefits of outsourcing, one of the problems noticeable was that customers were dissatisfied with the services of Airtel following the outsourcing. The level of service dropped gradually in meeting customers' needs due to time delay in service delivery. This was attributed to lack of proper training on the use of the new systems introduced by the outsourced employees that were disengaged from Airtel to the service providers, and a demoralised outsourced staff that had been promised the same conditions of service in the outsourced companies as existed in Airtel but which never materialised.

### **Job Satisfaction**

Locke (1976) defines job satisfaction, as a positive emotional state which results from how a person appraises his or her job experiences. This has to do with the feelings and thinking of the individual. Feelings are the product of a person's thinking; that is why when a person thinks, he or she has feelings about what he or she thinks about; and when he or she has feelings, he or she thinks about what he or she feels. Hence, thinking and feeling are two sides of the same coin (Saari and Judge, 2004). This explains why a worker thinks and feels about his or her job at the same time in evaluating his or her job (Srivastar and Das, 2015).

Job satisfaction talks about an individual's general attitude towards his or her job; and it



could be high or low. A person holds a positive attitude towards his or her job when the level of job satisfaction is high; and where it is low; the person holds a negative attitude towards his or her job (Robbins, 2003). Job satisfaction is made up of a combination of the nature of the job, individual factors, and environmental or situational factors. From available studies, there has been no consensus as to how managers and workers perceive, for instance, the situational factors which have become widely known as the “intrinsic job characteristics.

Besides, the results of some studies show that from the workers' point of view, the “nature of the job” itself is rated higher than other areas such as supervision, pay, promotion opportunities, co-workers, etc (Judge and Church, 2000). Even at that, it is not safe to conclude that such employees do not consider good compensation schemes and effective supervision in the workplace important because in Nigeria pay is a major determinant of job satisfaction although it may not be so in the Euro-American countries. The point is that such workers believe that they derive job satisfaction where the work is interesting and challenging (Saari and Judge, 2004); an opinion which is on all fours with Herzberg (1964)'s motivational factors or satisfiers.

On the other hand, some other studies show that some managers believe that workers have preference for “pay” above all other job attributes such as “interesting work” (Saari and Judge, 2004). This view is in accord with the hygiene or maintenance factors of Herzberg (1964). In a particular study on job attributes ranked 1 to 5, employees' ranking show “interesting job” in the first position; and “good wages” in the fifth position; while managers' ranking placed “good wages” as first position; and

“interesting work” as fifth position (Kovach, 1995). As a result of these divergent opinions, some scholars argue that job challenge, autonomy, variety, and scope, are the major attributes of job satisfaction that are largely responsible for overall job satisfaction and employee retention. With the emphasis on these attributes of job satisfaction, such scholars are of the opinion that one of the foremost causes of job satisfaction is the nature of the work itself.

It is pertinent to observe that there has been no consensus in the literature as to the consequences of job satisfaction in organizations. Generally, most scholars hold the view that employee satisfaction when properly managed, leads to a healthy organizational climate. Therefore, a healthy organizational climate is a reflection of the attitudes of the employees; and employee attitudes revolve around the four critical pillars of an organization; namely, communication, culture, compensation, and commitment (Srivastar and Das, 2015).

Human Resource (HR) practitioners, on their part, are careful about the effect of cost reduction on job satisfaction; and how job satisfaction, in turn, affects performance as an organizational outcome. For instance, there is an ongoing debate as to whether satisfied employees will automatically be productive. From the time the Hawthorne experiments drew attention to the relationship between job satisfaction and job performance, a number of works have been done with earlier ones showing a weak relationship (Saari and Judge, 2004). However, Organ (1988) dismisses this weak relationship; and he suggests that this weak relationship is attributable to the narrow definition of job satisfaction. He argues further that the relationship between the two variables will be high where job satisfaction

is defined to include organizational citizenship behaviours that are not generally reflected in performance appraisals.

### **Employee Commitment**

This is one of the attributes of employee attitudes. It is an individual's psychological state whereby he or she has a sense of belonging, ownership of organizational goals, and is ready to face challenges in the organization where he or she works (Dolan, Tzafrir and Baruch, 2005). It is a measure of an employee's involvement to do his or her work with zeal and excitement (Dorenbosch and Veldhoven, 2006). The importance of employee commitment lies in the fact that without it organizations may not find it easy to achieve strategic goals (Gul, 2015).

Some studies show that organizational performance is closely related with the level of employee commitment (Ivancevich, 2010); committed employees often exceed management targets (Bragg, 2002); and high level of commitment increases output substantially, and leads to sustainable competitive advantage (Whitener, 2001). For instance, a study done by Ireffin and Mechanic (2014), finds that there is a fairly high relationship between employee commitment and organizational performance which means that employee commitment improves an organization's performance. It also finds that there is a relationship between employee commitment and employees' turnover which means that there is a very high relationship between employee commitment and employee turnover.

As Gul(2015) observes, organizations are able to change the attitudes and behaviour of employees through the application of employee commitment factors of performance management, training and development, and fair reward systems; and

the change results in high productivity and profitability. While performance management creates opportunity for development, growth and advancements as well as recognition (Gul, 2015); training and development motivates and creates job satisfaction, and helps an organization to function efficiently and effectively (Moorman, Niehoff and Organ, 1993); and a reward system of an organization raises workers' morale and ensures efficient functioning of the organization. The assumption is that a fair reward system increases employee morale and commitment level and this, in turn, leads to better organizational functioning (Armstrong, 2012).

### **Theories of Employee Commitment**

The five main theories on employee commitment are: (a) the One-side-bet theory by Becker (1960), (b) the Middle-affective-dependence theory by Porter, Steers, Mowday and Boulian (1974), (c) Multi Dimension Period popularized by O'Reilly and Chatman (1986) and Meyer and Allen (1984; 1990) (d) Two Dimension by Cohen (2007), and (e) Combined Theory by Somers (2009). Becker (1960)'s theory defines employee commitment from the point of view of "side-bets" which simply refer to the valued investments that an employee has accumulated over a period of time which makes it difficult for him or her to disengage from the organization easily. Therefore the relationship between the employee and the organization is based on "contract" of economic exchange.

On the other hand, Porter et. al (1974)'s middle-affective-dependence approach shifted focus from tangible side-bets of Becker (1960) to intangible psychological attachment a person develops overtime for his or her organization. This approach

therefore goes beyond the economic contract theory in the previous approach to include an attitude-centred view which looks at the affective reasons that influence an employee's decision to remain and participate loyally in an organization.

As a result, Mowday, Steers, and Porter (1979) define commitment as the relative strength of an individual's identification with and involvement in a "strong acceptance", "participation", and "loyalty". They are of the view that commitment is an alternative to job satisfaction; and it could sometimes be a better predictor of turnover than job satisfaction. To them, employee commitment has the attributes of (a) a strong belief in and acceptance of an organization's goals and values (b) a willingness to expend considerable effort on the organization's behalf and (c) a strong desire to maintain one's membership in the organization.

O'Reilly and Chatman (1986), in their multi dimension approach hold that commitment is the psychological attachment a person feels for an organization and this reflects the degree to which the person internalizes the perspectives of the organization. They observe three types of commitment to be (1) compliance or involvement for specific extrinsic rewards (2) identification or involvement based on desire for affiliation, (3) internalization or involvement based on the relationship between individual and organizational values. In the theory of Meyer and Allen (1984, 1990), which was also based on multi dimension, they argue that Becker's scale did not measure side-bets that it was designed for but attitudinal commitment. They therefore designed three scales for measuring commitment: (1) Affective commitment which measures commitment based on positive feelings of identification of the organization and it involves the work organization (2)

Continuance commitment as a better alternative to Becker's scale to assess the extent to which employees feel committed to their organization because of the cost involved in disengaging (3) Normative commitment which is a feeling of obligation to continue in employment where those with "high commitment" have a strong feeling to remain in the organization.

Cohen (2007), on his part, based his theory on two dimensions of the style of commitment. The theory takes off from Mowday, Steers and Porter (1982)'s differentiation between attitudinal and behavioural commitment whose argument is that attitudinal commitment, which is just the tendency towards commitment, is the process by which individuals think about their relationship with their organization; as distinct from behavioural commitment by which individuals become glued to their organizations. Cohen (2007) develops this further with his two dimensions of instrumental and normative or affective commitment. The instrumental is strongly tied to the motivation process and the normative or affective comes with an individual's early socialization or experiences. To him, the instrumental is lower-order commitment; while the normative is higher-order commitment. Using the variable of time, he differentiates between pre-entry and post-entry commitment; and argues that an employee experiences instrumental and normative commitments at both levels. The pre-entry is about a person's general expectations concerning the quality of the rewards that he or she will get; while the post-entry refers to the commitment which comes from his or her perception of the quality of rewards compared to his or her contributions to the organization.

The Combined theory of Somers (2009) posits that commitment should focus on the combined influence of commitment on work outcomes. In his study of 288 hospital nurses, commitment profiles were combined with variables of turnover intentions, job search behaviour, work withdrawal (absenteeism and lateness), and job stress. This gave rise to five empirically derived commitment profiles of highly committed, affective-normative dominant, continuance-normative dominant, continuance dominant, and uncommitted. The most committed workers are those that are affective-normative with lower turnover intentions and lower psychological stress.

### Methodology

The sample size was calculated using Raosoft sample size calculator. With a margin of error of 5%, confidence level of 95%, response distribution of 50%, and a population size assumed to be 20,000, the sample size was 377.

Eleven banks out of the 21 Deposit Money Banks were selected using simple random sampling technique. The eleven banks are: First Bank of Nigeria Limited, Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc, Unity Bank Plc, Skye Bank Plc, Keystone Bank Plc, Diamond Bank Plc, Fidelity Bank Plc and Zenith Bank Plc. This is a good representation of the banking industry because each of the eleven banks has a high network of branches all over the country.

Second, the sample is a mix of outsourced staff and the customers of the banks with the former having 188 and the latter 189. Therefore, the Lagos branches of the 11 banks were stratified into Lagos Island, Lagos Mainland, Ikorodu, Epe and Badagry branches. Using quota sampling, out of the

188 outsourced staff in the sample, the Lagos branches of the banks were allocated quota as follows: First Bank of Nigeria Limited, the largest in population, was allocated 18, while Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc, Unity Bank Plc, Skye Bank Plc, Keystone Bank Plc, Diamond Bank Plc, Fidelity Bank Plc and Zenith Bank Plc were allocated 17 each. Similarly, the customers of First Bank of Nigeria Limited were allocated 19 while the customers of the other remaining banks were allocated 17 each. The determination of who amongst the outsourced staff will form part of the sample was done by simple random sampling; while the customers was through convenience sampling,

Data was collected from primary source through questionnaire formulated using Likert scale; and 101 copies were pre-tested using test-retest reliability which gave  $r_s = 0.90$ . Out of the 377 copies of the questionnaire distributed, 361 were returned fully completed which represents 96.21% return rate.

### Data Analysis

Two sets of responses were obtained from the respondents on each of the questions in the questionnaire. From the first responses in respect of question No 1 on Table 1, out of 361 respondents, 245 or 67.87% strongly agree and 84 or 23.27% agree that service delivery in banks is not effective because outsourced staff are dissatisfied with the temporary nature of their jobs but 16 or 4.43% and 14 or 3.88% disagree and strongly disagree respectively. The second set of responses to the same question show that 232 or 64.27% strongly agree and 93 or 25.76% agree, while 20 or 5.54% and 13 or 3.60% disagree and strongly disagree respectively.

From the first responses in respect of question No 2 on Table 1, the data show that 209 or 57.89% strongly agree and 44 or 12.19% agree that service delivery is not effective because supervisors' harshness affects outsourced staff proper training in the use of the new technology but 57 or 15.79% and 45 or 12.47% disagree and strongly disagree respectively. The second set of responses to the same question show that 196 or 54.29% strongly agree and 53 or 14.68% agree, while 61 or 16.90% and 44 or 12.19% disagree and strongly disagree respectively.

From the first responses in respect of question No 3 on Table 1, 202 or 55.96% strongly agree and 54 or 14.96% agree that service delivery is not effective because of demoralising salaries paid to outsourced staff; while 56 or 15.51% disagree and 38 or 10.52% strongly disagree. The second set of responses to the same question show that 189 or 52.36% strongly agree and 63 or 17.45% agree, while 60 or 16.62% and 37 or 10.25% disagree and strongly disagree respectively.

From the first responses in respect of question No 4 on Table 1, that service delivery is not effective because of lack of promotion prospects for outsourced staff leads to time delays, 214 or 59.28 % strongly agree and 35 or 9.70% agree; but 49 or 13.57% disagree and 47 or 13.02% strongly disagree. The second set of responses to the same question show that 201 or 56.68% strongly agree and 44 or 12.19% agree, while 53 or 14.68% and 46 or 12.74% disagree and strongly disagree respectively.

Furthermore, from the first responses in respect of question No 5 on Table 1, 200 or 55.40% also strongly agree and 52 or 14.40% agree that service delivery is not

effective because outsourced staff attitude to work fails to meet customers' needs and expectations; while 54 or 15.24% disagree and 46 or 13.02% strongly disagree. The second set of responses to the same question show that 187 or 51.80% strongly agree and 61 or 16.90% agree, while 59 or 16.34% and 46 or 12.74% disagree and strongly disagree respectively.

From the first responses in Table 3, out of 361 respondents, 211 or 58.45% strongly agree and 94 or 26.04% agree that the outsourced staff lack of belief in and acceptance of the goals of banks reduce value customers get from their services, but 25 or 6.93% and 22 or 6.09% disagree and strongly disagree respectively. The second set of responses to the same question show that 177 or 49.03% strongly agree and 114 or 31.60% agree, while 32 or 8.64% and 28 or 7.80% disagree and strongly disagree respectively.

Also, from the first responses in Table 3, out of 361 respondents, 175 or 48.48% strongly agree and 54 or 14.96% agree that the outsourced staff unfair rewards make them not to render immediate services to customers but 67 or 18.56% and 53 or 14.68% disagree and strongly disagree respectively. The second set of responses to the same question show that 141 or 39.06% strongly agree and 74 or 20.50% agree, while 74 or 20.50% and 60 or 16.62% disagree and strongly disagree respectively.

In the same way, from the first responses in Table 3, out of 361 respondents, 167 or 46.26% strongly agree and 66 or 18.28% agree that the lack of opportunities for training, growth, promotion, and recognition for outsourced staff reduces quality of personalized services to customers; while 64 or 17.73% disagree and 46 or 12.74% strongly disagree. The second

set of responses to the same question show that 133 or 36.84% strongly agree and 86 or 23.82% agree, while 71 or 19.67% and 53 or 14.68% disagree and strongly disagree respectively.

On the issue of outsourced staff unwillingness to see themselves as members of the banks affects the customers' sense of dignity derived from their services, from the first responses in Table 3, out of 361 respondents, 181 or 50.14% strongly agree and 45 or 12.47% agree; but 57 or 15.79% disagree and 55 or 15.23% strongly disagree. The second set of responses to the same question show that 147 or 40.72% strongly agree and 65 or 18.00% agree, while 64 or 17.73% and 62 or 17.18% disagree and strongly disagree respectively.

Furthermore, from the first responses in Table 3, out of 361 respondents, 166 or 45.98% also strongly agree and 62 or 17.18% agree that outsourced staff unwillingness to put extra efforts in their jobs compels customers to open multiple accounts in different banks in search of quality service; while 63 or 17.45% disagree and 55 or 15.23% strongly disagree. The second set of responses to the same question show that 132 or 36.57% strongly agree and 82 or 22.71% agree, while 70 or 19.39% and 62 or 17.17% disagree and strongly disagree respectively.

## Hypotheses Testing

**Hypothesis 1:** *Lack of job satisfaction of outsourced staff in post-consolidation Nigerian banks affects the quality of service delivery to customers.*

$$\begin{aligned} H_0: p &\leq 0.5 \\ H_A: p &> 0.5 \end{aligned}$$

$$Z = \frac{r_s - \mu_{rs}}{\sigma_{rs}} = \frac{1-0}{0.5} = 2.00$$

Using the standard normal distribution table and  $z = 2.00$ , we find the  $p$ -value =  $2(1.0000 - 0.9772) = 0.0456$

With a 0.05 level of significance, the  $p$ -value  $\leq \alpha = 0.05$

**Decision:** Since  $p$ -value =  $0.0456 \leq \alpha = 0.05$ , we reject the Null hypothesis that the rank correlation is zero and accept the alternative hypothesis that the rank correlation is not equal to zero. We therefore conclude that there is a statistically significant rank correlation between lack of job satisfaction of outsourced staff in post-consolidation Nigerian banks and the quality of service delivery to customers.

**Hypothesis 2:** *Lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation Nigerian banks affects customer satisfaction.*

$$\begin{aligned} H_0: p &\leq 0.5 \\ H_A: p &> 0.5 \end{aligned}$$

$$Z = \frac{r_s - \mu_{rs}}{\sigma_{rs}} = \frac{1-0}{0.5} = 2.00$$

Using the standard normal distribution table and  $z = 2.00$ , we find the  $p$ -value =  $2(1.0000 - 0.9772) = 0.0456$

With a 0.05 level of significance, the  $p$ -value  $\leq \alpha = 0.05$

**Decision:** Since  $p$ -value =  $0.0456 \leq \alpha = 0.05$ , we reject the Null hypothesis that the rank correlation is zero and accept the alternative hypothesis that the rank correlation is not equal to zero. We therefore conclude that lack of commitment of

outsourced staff to the goals of the banks to which they are deployed in the post-consolidation Nigerian banks affects customer satisfaction.

### **Discussion of Findings**

The results of the study show that the two objectives of the study have been achieved. With regard to Objective 1, the study finds that lack of job satisfaction of outsourced staff in post-consolidation Nigerian banks affects the quality of service delivery to customers. The following are the specific findings: (1) Service delivery in banks is not effective because outsourced staff are dissatisfied with the temporary nature of their jobs (2) Service delivery is not effective because supervisors' harshness affects outsourced staff proper training in the use of the new technology (3) Service delivery is not effective because of demoralising salaries paid to outsourced staff (4) Service delivery is not effective because lack of promotion prospects for outsourced staff leads to time delays (5) Service delivery is not effective because outsourced staff attitude to work fails to meet the customers' needs and expectations. Although there are divergent opinions in the literature on the issue of which attribute of job satisfaction workers place more value on, the findings in this study show that the nature of the job, opportunities for training, pay, lack of promotion prospects, and attitude to work are all responsible for ineffective service delivery among the outsourced staff in the Nigerian banking industry.

These findings are supported by earlier works that expressed the view that job satisfaction is made up of a combination of the nature of the job, individual factors, and environmental or situational factors. For instance, the work done by Judge and Church (2000) shows that from the workers'

point of view, the "nature of the job" itself is rated higher than other areas such as supervision, pay, promotion opportunities, co-workers, etc. In the same vein, Saari and Judge (2004) argue that such workers believe that they derive job satisfaction where the work is interesting and challenging; an opinion which is in line with Herzberg (1964)'s motivational factors or satisfiers.

On the other hand, some other studies show that some managers believe that workers have preference for "pay" above all other job attributes such as "interesting work" (Saari and Judge, 2004). This view is in accord with the hygiene or maintenance factors of Herzberg (1964). In a particular study on job attributes ranked 1 to 5, employees ranking show "interesting job" in the first position and placed "good wages" in the fifth position; while managers' ranking placed "good wages" as first position and "interesting work" as fifth position (Kovach, 1995). As a result, such scholars are of the opinion that one of the foremost causes of job satisfaction is the nature of the work itself.

Our position on these earlier works is that it is not safe to conclude that outsourced staff would consider the nature of job to be uppermost and will not consider good compensation schemes and other attributes of job satisfaction in the workplace important. This is because in spite of Herzberg (1964)'s two-factor theory, which does not consider pay as a motivator, in Nigeria, pay is still a major determinant of job satisfaction although it may not be so in the Euro-American countries.

Furthermore, the results are mixed in the studies in the literature on the effect of service delivery by outsourcing agents on customer satisfaction. On the one hand,

Hayes (2012) observes that outsourcing is a good strategy for achieving strategic goals, because it reduces costs, and improves customer satisfaction through efficient and effective services. In the same vein, in a study done on the application of the outsourcing strategy in the manufacturing sector in Nigeria, Akewushola (2013) notes that outsourcing has a positive and significant effect on improved service quality and customer satisfaction, resulting in high organizational performance. This is due to efficiency arising from the fact that some activities are performed by specialized firms to which such activities have been outsourced.

However, the findings in another study done by Ndingo'ori (2015) which show the negative aspect of outsourcing are more relevant to the findings in this study. The findings in the study on the outsourcing of customer service to other service providers by Airtel Network in Kenya, show that despite all the many benefits of outsourcing, one of the problems noticeable was that customers were dissatisfied with the services of Airtel as a result of the outsourcing strategy it adopted. The study further observes that the level of service dropped gradually in meeting customers' needs due to time delay in service delivery. This was attributed to lack of proper training on the use of the new systems introduced by the outsourced employees that were disengaged from Airtel to the service providers, and a demoralised outsourced staff that had been promised the same conditions of service in the outsourced companies as existed in Airtel but which never materialised.

In the case of Objective 2, the study finds that lack of commitment of outsourced staff to the goals of the banks to which they are deployed in the post-consolidation Nigerian

banks affects customer satisfaction. The specific findings are: (1) Outsourced staff lack of belief in and acceptance of the goals of banks reduce value customers get from their services (2) Outsourced staff unfair rewards make them not to render immediate services to customers (3) Lack of opportunities for training, growth, promotion, and recognition for outsourced staff reduces quality of personalized services to customers (4) Outsourced staff unwillingness to see themselves as members of the banks affects the customers' sense of dignity derived from their services (5) Outsourced staff unwillingness to put extra efforts in their jobs compels customers to open multiple accounts in different banks in search of quality service.

These findings are supported by Mowday, Steers, and Porter (1979)'s Middle-affective-dependence approach to employee commitment which goes beyond the tangible "side-bets" of Becker (1960) to include the intangible psychological attachment a person develops overtime for his or her organization. The relevance of this approach lies in the fact that it goes beyond the "economic contract" in the previous approach to include an attitude-centred view which looks at the affective reasons that influence an employee's decision to remain and participate loyally in an organization. We adopt their "strong acceptance", "participation", and "loyalty" description of employee commitment; as well as the attributes of (a) a strong belief in and acceptance of an organization's goals and values (b) a willingness to expend considerable effort on the organization's behalf and (c) a strong desire to maintain one's membership in the organization. All these attributes were part of the findings in this study that affect customer satisfaction.



The theories of O'Reilly and Chatman (1986), Meyer and Allen (1984, 1990), Cohen (2007) and Somers (2009) also illuminate why the outsourced staff are not committed to the goals of the banks. Of particular interest are Cohen (2007)'s pre-entry and post-entry commitment. While the pre-entry has to do with an outsourced staff's commitment arising from his or her general expectations about the quality of rewards he or she would receive as a person working in the banking environment; the post-entry commitment is the outsourced staff's commitment because of his perception of the quality of rewards he or she gets compared to his or her contribution to the bank. This is in agreement with the theories of Herzberg (1959), Adams (1963), Vroom (1964) and Lawler and Porter (1968).

Besides, the findings in this study agree with those of Woodruff (1997) who posits that customers in the post-modern organization are increasingly more interested in how to obtain value not mainly in terms of content but from how the customer perceives value. Dawes and Brown (2000) illuminates further by pointing out that with particular reference to the financial service industry, value creation is not dependent on the traditional methods such as product development, as these contribute little to gaining competitive advantage. Rather, what is of utmost importance is to understand how the consumer perceives value to be able to survive the competition in a marketplace that has become borderless

Of relevance are the views expressed by Berner and Van Tonder (2003). They explain that unlike the consumer in the modern organization whose emphasis was on the functional and utility value of a product or service (that is, how a product or

service is able to meet the customer's need), the post-modern customer's focus is on how to build "a sense of self or identity" in a society that has become dynamic and complex. As a result, the customer is more interested in the cultural value that a product or service provides; and the image it projects; rather than the value in terms of its content. This is why brand loyalty is not too necessary to compete in the post-modern marketplace; as customers are known to switch brands at the slightest drop in service delivery

Besides, as we observed in the literature, the consumer expects services to be rendered immediately within his own timeframe, not the timeframe of the organization; and with the information-rich environment, he has a high demand for facts and quality of service; and whenever there are delays in service delivery in terms of turnaround time he demands explanation (Berner and Van Tonder, 2003). In a situation where a firm is unable to offer satisfactory explanation, it loses credibility and face value (MapActive, 2000). In other words, the post-modern consumer is highly individualistic, is not loyal to any brand, asks for immediate service and immediate satisfaction, focuses on facts, and expects more from products and services than what the firm feeds the public about the product or services through its marketing activities, and builds his own identity through the product or service he consumes (Berner and Van Tonder, 2003).

It is pertinent to observe that all the foregoing attributes of the post-modern customer and the inability of the Nigerian banks, made up mainly of outsourced staff, to meet the requirements for customer satisfaction have been confirmed in this study. Hence the recommendations of Berner and Van Tonder (2003) arising from

their study are relevant to this study. They recommend that firms should: (1) have front office and customer interface departments whose employees must be focused, with relevant skills and competencies to register customer desires and preferences in a timely manner (2) put in place receptor network which should be included in the customer-service networking such as call centres, internet, and e-communication (3) have employees who are customer-aware and have data-sensitive orientation (4) have increasing flow of information for rapid response; multitasking employees that have relationship skills, able to carry out customer liaison, possess listening skills, constructive relationship building skills, data gathering skills, problem-solving skills, etc.

### **Conclusion and Recommendations**

The results of this study have shown that the reason why the queues in the banking halls, which had vanished with the consolidation exercise in the banks in 2004/2005, have now returned and have in recent times even extended to the ATM galleries is partly due to the dysfunctional consequences of the adoption of the outsourcing strategy by the Nigerian banks. However, we also hold the view that apart from the job dissatisfaction and lack of commitment of the outsourced staff which have resulted in poor service delivery and customer dissatisfaction, the emergence of the queues could also emanate from other challenges including that of liquidity.

Our position is that as seen in the literature, the organization in the post-modern era is an instrument in the hand of management to increase its sphere of influence and does not only lay off regular employees, but also reduce the outsourced staff to a position of relative disadvantage to

achieve that objective. However, this ought not to be at the expense of the customer who is an important element in the task environment. The customer in the post-modern period and beyond deserves assurance of safety of his or her deposits; and more importantly, his business should not be hampered because the banks have decided to outsource almost all their jobs to subsidiary companies in order to record more profits. The customer therefore deserves quality service to discourage him or her from maintaining multiple accounts in different banks to get it. Even with the introduction of a cashless economy, most bank customers in Nigeria are still not familiar with the modern technology.

In fact, the older generation of customers still do not believe in the use of ATM cards; they still prefer to use the face-to-face approach which enables them to have encouragement from the soft words of bank staff, and to confirm assurance of safety of their funds through the charming faces of bank staff. The reason why faces are no longer as charming as they were, from this study is because the outsourced staff, who form the larger segment of current bank workers, as also shown in the work of Fapohunda (2012), are dissatisfied and uncommitted to the job.

As a result, we recommend that with customer satisfaction and effective service delivery in mind, the banks should have a second look on the implementation of outsourcing to exclude core banking jobs on the one hand, and for them to compel the outsourcing agencies to come up with codified conditions of service and unionization processes for their seconded outsourced staff, on the other.

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# Analytical Investigation of Critical Factors for the Sustainability of Family Owned Business in South-West, Nigeria

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## **Abstract**

*This paper is aimed at understanding the critical factors influencing the sustainability of family-owned businesses (FOB) in south-west Nigeria. To this end the study sort firstly, to determine the extent to which formal organizational structure affects family owned business; and secondly, to ascertain the nature of relationship between formalized succession planning and family-owned businesses performance. A two-stage design, incorporating both quantitative and qualitative approaches, was used in order to achieve the overall aim of the study. Through a quantitative survey, data were collected through a structured questionnaire to a sample of 202 workers and managers of the four selected companies in manufacturing and telecommunications sectors in south-west Nigeria. Correlations between formal organizational structure and sustainability of family-owned businesses as well as between formalized succession planning and the performance of family owned businesses were examined. Results showed a positive relationship between formal organizational structure and sustainability of family owned business. A positive relationship between formalized succession planning and the performance of family owned business was also found. The study therefore recommends strategic implementation of formalized succession to ensure smooth transition of family-owned businesses from one generation to another.*

**Keywords:** Family Owned business, SMEs, Formalized succession planning, Formal organizational structure, Sustainability

## Introduction

A family business is a profit making establishment in which the ownership resides wholly with family members who control the management operations (Lyman, 1991; Cabrera-Suarez, 2005). It exists all over the world and makes-up the world's largest creators of wealth (Bhat, Shah, & Baba, 2013). A proper description of a family-owned business has been conceptualized in so many ways; some stress that it consists of businesses with equity of up to 60% belonging to family members (Tagiuri & Davis, 1996) while others point out that a family-owned business will include the following qualifiers: voting control, percentage of ownership, power over strategic position, involvement of multiple generations, and active management by family members (Haalien & Morten, 2005). In addition, Bhat, et al. (2013) emphasize the concept of family-owned businesses growing along size with businesses which were initiated to address family needs and as such build its competence from the capabilities of family members, values and beliefs. This paper examines the critical factors that sustain the existence of these kinds of businesses. It starts with an overview of possible factors based on literature and moves on to the Methods, Results and Conclusions.

## Sustainability Factors of Family-Owned Businesses (FOB)

### *Formalized succession planning*

Ensuring sustainability of family-owned businesses requires a succession plan which identifies and develops

potential persons inside the establishment to fill-up key leadership positions. An effective succession or talent-pool management characterizes itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan, Drotter, & Noel, 2001). Within this line succession planning should not be considered as a one-time event resulting from the sudden death of the founder but should be seen as an intricate process requiring a sequence of steps that should be initiated early in the potential successor's life to prepare him or her for the leadership (Ibrahim, Soufani, & Lam, 2001). It is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions by retaining and developing intellectual, knowledgeable & capital for the future through individual advancement (Rothwell, 2001). A successful succession plan addresses the management hierarchy and many other factors such as the procedures necessary for a successful transfer, legal and financial considerations, psychological factors, leadership development, and exit strategies (Ip & Jacobs, 2006).

In order to ensure the long-term prosperity of succession family members are nurtured and mentored to a point they become knowledgeable to develop and maintain the founder's entrepreneurial values and drive (Ibrahim, McGuire, Soufani, & Poutziouris, 2004). Morris, Williams and Nel (1996) are of the position that family members who are generally observed to be well-prepared in terms of

educational background and experience must spend a number of years working at all levels within the company concerned to make a successful succession candidate. Supporting this view, Morris, et al (1996) points out that a candidate like this will enjoy a positive family relationship with limited conflict, rivalry and hostility with an excellent level of trust.

Succession planning is not an ease process as it is critical to the future of the business. Approaching the succession planning process with formulated strategies will enhance the family business's prospect of survival, continuity and success. It has been estimated that, internationally, only 30% of the family business survive to the second generation, while fewer than 14% make it beyond the third generation (Fleming, 1997). In Nigeria, only one third in four family businesses survive into the second generation, while only one in ten make it to the third generation (Hugo, 1996). Thus, the enhanced understanding of the nature and pitfall of succession assists in identifying and formulating appropriate strategies to approach succession planning accordingly (Venter, Boshoff, & Maas, 2005). Well-considered and planned succession maximizes the chance of finding a competent successor which results in smooth transition of leadership between the generations (Venter, 2003); but the failure of family-owned businesses rest on inefficient succession planning for the next generation (Ward & Kenyon-Rouvinez, 2005). For this reason, given the present economic and social implication of

these high failure rates of family-owned business, we hypothesize a relationship between formalized succession planning and family-owned businesses in south-west, Nigeria.

#### *Formal Organizational Structure*

The growth of organization implies changes in leadership needs and resource requirements to navigate through development (Smith & Lewis, 2011). This also applies to family-owned businesses which tend to have simple and less formal which as challenged and more vulnerable to developmental pressure from the business environment (Smith & Lewis, 2011). Organization structure becomes an essential element for the sustainability of family-owned businesses in dealing with the business environment because it determines the overall configuration of the businesses resource capabilities that will enable it build a sustainable presence in the industry (Galbraith, 2009; Greenberg, 2011). The structural elements of the organization according to Mintzberg (2009) are differentiated along three basic dimensions: the coordinating mechanism; the locus of decision-making; the strategy an organization adopts.

A proper configuration of a structure will enable the organization achieve its ultimate purpose of achieving goals (Lunenburg, 2012) and because family-owned businesses are constituted with blood relations who may have lived together for a long time, the issue of trust and cooperative effort serves as a major strength that give them



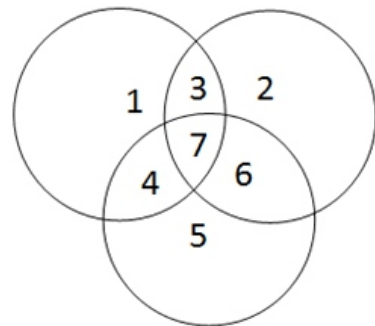
an advantage over the competition (Lumpkin & Brigham, 2011). As such Family-owned businesses organize and mobilize their members with the double advantage which includes financial and emotional empowerment. We therefore hypothesize a relationship between formal organizational structure and family-owned businesses in south-west, Nigeria.

### Theoretical review

The *'Three Circle Model'* can be seen as the central theoretical framework to understand family companies (Tagiuri & Davis, 1996). It consists of the family, ownership and management subsystems, which are displayed in three circles (Figure 2). This model explains the relationships and mutual interdependences in a family company. The different possibilities of overlapping represent the seven kinds of family businesses, which appear in practice. Müller Tiberini (2001) explains the complete overlapping of the three circles would represent the case when all family members are owners and work at the same time in the business (Papesch, 2010). If there is no intersection between the circles, it will mean that employees are not relatives and the company is owned by non-family members or investors as such it will be seen as an anonymous corporation (Papesch, 2010).

Besides, the *'Three Circle Model'* also illustrates seven different interest groups with their own legitimate perspectives, goals and dynamics. Section one, two and five display the ownership, the management and family;

section three represents owners who are working in the company and those who are not part of the family. Section four illustrates family members who own shares in the business but are not participating in the management. Whereas family members who are working in the company, but not possessing any shares are classified in section six. Section seven, represent the overlap of all circles, represents family members, who are both, work in the company and possess company shares. Due to different behavior and communication of the subsystems, the possible field of conflict is even increased. The understanding of *Three Circle Model*, is that the more complex and interdependent the three subsystems of family, ownership and management are, the bigger the possibility of crisis which will threaten a part of the circle as opposed to others. For this reason Papesch (2010) propose that the long-term success of family companies is dependent on the functioning and mutual support of these groups.



**The Three Circle Model**

Source:

Tagiuri, R., & Davis, J. A. (1996). Bivalent Attributes of the Family Firm. *Family Business Review*, ix(2), 199-208.

Furthermore, Succession planning in family business is the deliberate and formal process that facilitates the transfer of management control to a family member, which helps in the transition process as it preserves organizational memory (Sharma, Chrisman, & Chua, 2003) and has received theoretical support from the theory of planned behavior. The theory of planned behavior states that one way to formalize a plan for the succession process is to create a succession plan and that an individual's intention to perform a given behavior predicts and explains that behavior (Armstrong, Pecotich, & Mills, 2003; Azjen, 2005). Irrespective of the specific steps that are developed in a succession plan, positive outcomes are derived from succession planning which is derived from the theory of planned behavior (Azjen, 2005). Formalized plan includes establishing specific sequence, timing, technique and communication criteria for selecting and training a successor; determining how the succession will be achieved; developing a vision or strategic plan for the company after succession; defining the role of the departing incumbent and communicating the decision to key stakeholders (Dyck, Mauws, Starke, & Mischke, 2002).

In addition to this, the procedural justice theory ensures a smooth transition through the process of selecting the succession candidates and maintaining fair treatments (Gist, 2007). Procedural theory focuses on the fairness of the "means" used to achieve the outcomes or the fairness of the

processes that pertain to how decisions are made (Greenberg, 1990). By fairness of the procedure and fairness in the interpersonal treatment of succession candidates, trust is built and an intimate as well as a more open exchange relationships among the stakeholders will maintain order in the workplace (Croponzano, Rupp, Mohler, & Schminke, 2001). Conclusively, procedural justice theory goes on to affect an individual's sense of fairness in two different ways: by giving an individual decision control and process control (Thibaut & Walker, 2006).

### **Empirical review**

Many families businesses, though the clear minority, desire that the business stay in the family from generation to generation (Westhead & Cowling, 1998). Consequently, this desire for some families to keep the business in the family has motivated research within this area. For example, Getz and Petersen (2004) explored the barriers to inheritance among family businesses, with a focus on the tourism and hospitality industries and identified several barriers to inheritance including location (e.g., remoteness), nature of the work (e.g., long hours), viability of the business, and the stage of life of the parents and children; Zellweger and Nason (2008) empirically indicates that to effectively manage a family business, a successor need to make a commitment to manage the all-important family component. Others such as Kaslow (1998), Swagger (1991) and Vera & Dean (2005) show that the outcome of a succession is strongly affected by the relationships within family members

and consequently have an effect on family owned business (FOB).

## Method

### *Participants and procedure*

This study is designed with a “cross sectional survey” design and data used for this research work were obtained specifically from two sources namely, primary and secondary sources respectively. The use of personal interview and well structured questionnaire were used to obtain data for the study as a primary data source. The secondary source

involved the use of existing but related data, which were produced by earlier researchers before now, for the purpose of contributing their quota to the problem under study.

The population of this study was drawn from top and middle level management employees of the selected organizations. Hence, only top and middle level management people were chosen because they are responsible for the corporate and business level strategies respectively. The study population is shown below.

Selected Companies	Top Level Staff	Middle Level Staff	Total
<b>Manufacturing Sector:</b>			
EleganzaNig Limited	22	108	130
Dangote Group of Companies	26	95	121
<b>Telecommunication Sector:</b>			
Glo Nig. Ltd., AdeolaOdeku V.I. Lagos	27	93	120
Visaphone Nig. Ltd.	11	43	54
<b>TOTAL</b>	<b>86</b>	<b>339</b>	<b>425</b>

Source: Field work, 2016<sup>1</sup>

<sup>1</sup>Table 4: The population size of the study of the selected companies

The Stat Trek's Sample Planning Wizard tool was used to derive a sample of 202 respondents. The non-probability convenience sampling was adopted as the sampling techniques for the study. This is due to the nature of the target study group, i.e top and middle level management employees, no preset condition will be considered for the selection of the elements of the study group. The data obtained from the field

study were presented and analyzed with descriptive statistics to provide answers for the research questions while the corresponding hypotheses were tested with linear regression and Pearson's correlation at 5% alpha level with the aid of computer through the application of statistical package for social science (SPSS 15.0 Version).

### *Measures*

The wording of the questionnaire was

made simple enough so as to aid easy understanding of the respondents. A 5-point likert scale was used for rating the opinions of the respondents toward the questions to be asked. They are SA-Strongly Agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly Disagree. The study examines the following hypothesis:

*Hypothesis 1:* There is a significant effect of formal

organizational structure on family owned business (FOB).

*Hypothesis 2:* There is a significant relationship between formalized succession planning and the family owned business (FOB).

*Hypothesis 3:* Effective succession has a significant effect on family-owned businesses (FOB) performance

**Results**

S/No	Questionnaire items	S. Agree/ Agree		Disagree/S. Disagree		Undecided		Total (Freq)
		Freq	%	Freq	%	Freq	%	
1	Effective organizational structure is a source of competitive advantage for family owned business	151	75	11	5	40	20	202
2	Family-owned businesses can be sustained with a well defined organizational structure.	179	89	-	-	23	11	202
Total		330		11		63		404

Source: Field work, 2016<sup>2</sup>

<sup>2</sup>Table 5: Coded Responses on Formal Organizational Structure and Family Owned Business

According to table (4), based on aggregate response 330 (82%) indicated strongly agree and agree; 11 (3%) Indicated Disagree and strongly disagree while 63 (16%) indicated

undecided. This implies that formal organizational structure has significant effect on the performance of family owned business.

Particulars	R	R <sup>2</sup>	Adj.R <sup>2</sup>	DW	Standard Coefficient		F	Sig
					Beta	T. value		
Family-Owned businesses (FOB)	.887 <sup>a</sup>	.787	.786	.078	.887	27.158	737.534	.000 <sup>a</sup>

Source: SPSSWIN Version 15<sup>3</sup>

<sup>3</sup>Table 6: Result of the effect of Formal Organizational Structure on Family Owned Business

The result indicates that organizational structure has positive effect on family-owned businesses as t=27.158 which is above the rule of thumb positivity of 2 and coefficient of organizational structure (0.171). The variations from the model are explained by the model as

indicated from the coefficient of the determination (r<sup>2</sup>) value of 0.787. Also the result shows there is a positive relationship between organizational structure and family-owned business as indicated by r value of 0.887 which is the same with the value of Beta 0.887

S/No	Questionnaire items	S. Agree/ Agree		Disagree/S.D isagree		Undecided		Total (Freq)
		Freq	%	Freq	%	Freq	%	
1	Effective succession is strategic to the survival and growth of family-owned businesses.	189	94	2	1	11	5	202
2	Effective succession is vital to sustainability of family-owned businesses	178	88	2	1	22	11	202
Total		367		4		33		404

Source: Field work, 2016<sup>4</sup>

<sup>4</sup>Table 7: Coded Responses on Effective Formalized Succession Planning and Family Owned Businesses

The result indicates that organizational structure has positive effect on family-owned businesses as t=27.158 which is above the rule of thumb positivity of 2 and coefficient of organizational structure (0.171). The variations from the model are explained by the model as

indicated from the coefficient of the determination (r<sup>2</sup>) value of 0.787. Also the result shows there is a positive relationship between organizational structure and family-owned business as indicated by r value of 0.887 which is the same with the value of Beta 0.887

	M	SD	1	2
1. Succession	4.3663	0.90573		.819**
2. Family	4.0198	1.06953		

*Note<sup>5</sup>: SPSSWIN Version 15; Mean (M); Standard Deviation (SD); Sample (N).*

The descriptive statistics of the relationship between succession and family-owned businesses, with a mean of 4.3663 and a standard deviation of 0.90573 for succession and a mean of 4.0198 and a standard deviation of 1.06953 for family. By careful observation of standard deviation of values, it can be said that there is about the same variability of data points amongst the dependent and independent variables.

The correlation coefficient shows 0.819, this value indicates the correlation is significant at 0.05 levels (2-tailed) and implies that there is a positive relationship between succession and family-owned businesses ( $r=0.819$ ). However, the computed correlation coefficient is greater than the table value of  $r=0.113$  with 228 degree of freedom ( $df=n-2$ ) at alpha level for a two tailed test ( $r=0.819$ ,  $p<0.05$ ). This result indicates that there is a positive relationship between succession and family-owned businesses; hence, null hypothesis should be rejected

### Discussion of Findings

The purpose of this paper is to develop a clearer understanding of the factors that influence sustainability of family-owned businesses in south-west Nigeria.

To determine the effect of formal organizational structure on family-owned businesses, performance data for the test of this hypothesis were obtained from responses through the questionnaire. Linear analysis technique was used to test the validity of formal organizational structure significant relationship with family-owned business. From table 6 above result indicates that organizational structure has positive effect on family-owned businesses as  $t=27.158$  which is above the rule of thumb positivity of 2 and coefficient of organizational structure (0.171). The variations from the model are explained by the model as indicated from the coefficient of the determination ( $r^2$ ) value of 0.787. Also the result shows there is a positive relationship between organizational structure and family-owned business as indicated by  $r$  value of 0.887 which is the same with the value of Beta 0.887, hence, we reject the null hypothesis and accept the alternative. Our result findings is in line with the study carried out by, Poze (2007), pursuing univariate analysis, highlighted the fact that there is a positive relationship between firm and family influences, managerial and governance practices, suggesting that it could represent a resource for competitive advantage and sustained business performance

To ascertain the nature of relationship between formalized succession planning and family-owned businesses performance, haven-analyzed the data from the questionnaire using Pearson's correlation to ascertain

<sup>5</sup>Table 8: Correlation between Formalized Succession Planning and Family-owned Businesses

the nature of relationship between succession and family-owned businesses performance. Table 9 is the Pearson correlation matrix relationship between succession and family-owned businesses showing correlation coefficient, significant values and the number of cases. The correlation coefficient shows 0.819, this value indicates the correlation is significant at 0.05 levels (2-tailed) and implies that there is a positive relationship between succession and family-owned businesses (r.819). However, the computed correlation coefficient is greater than the table value of r 0.113 with 228 degree of freedom (df=n-2) at alpha level for a two tailed test ( $r=.819$ ,  $p<.05$ ). This result indicates that there is a positive relationship between succession and family-owned businesses; hence, null hypothesis should be rejected. The outcome of our result is in line with the study carried out by Zellweger and Nason (2008) which indicates that to effectively manage a family business, a successor need to make a commitment to manage the all-important family component. Also in line with the work carried out by Kaslow (1998), Swagger (1991) and Vera & Dean (2005) it show that the outcome of a succession is strongly affected by the relationships within family members which consequently have effect on family owned business. The following are the major summary of findings: i Formal organizational structure has a significant effect on family-owned business; ii Formalized succession planning has a significant relationship with family-owned business.

## Conclusion

Family businesses are said to be the originating form of any business activity (Klein, Astrachan, & Smyrniotis, 2003), while dominating the landscape of most major economics in the world (Klein, Astrachan, & Smyrniotis, 2003; IFERA, 2003). Two thirds of all businesses worldwide are said to be family-owned and or managed (Gersick, Davis, McCollom, & Lansberg, 1997). According to Ackerman (2001) in Germany, 60% to 90% of all forms of businesses can be classified as family businesses. The live-span of family business is however; often relatively short, as only a limited number survive the transition to the second generation, and hardly one-third even into the third (Beckhard & Dyer, 1983; Neubauer & Lank, 1998). Mass, Van Der Merwe and Venter (2005) contend that family businesses make a substantial contribution towards the global economy. Furthermore, Voeller (2002) state that around 43% of people who own and operate closely-held business that comprises 80% of North America economy are to retire within the next five years.

Family businesses in Nigeria are not exempted from these crises; they will all sooner or later encounter the challenge of grooming, coaching and mentoring future leaders within their families to take over the family businesses at a later stage. Family businesses are vital in the Nigerian economy due to their significant contribution towards the creation of employment, eradication of poverty and creation of wealth. Among the most outstanding family businesses in

Nigeria are Dangote, Globacom, Ibru, AnyiamOsigwe, Dantata, Folawiyo, MkoAbiola, Adebowale Group, Domino Group, Doyin Group, Modandola Group, and Chanchangi Group. In line with the summary of the findings and conclusion, the following are hereby recommended: i) Formalized succession planning that ensure smooth transition from one generation to another should be developed and strategically implemented by entrepreneur; ii) Formal organizational structure of family owned business should be based on the type, nature, finance and the culture of the founder or family as there is no universal structure to be adopted by family owned business.

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# **Role of Communication and Technology on Quality of Entrepreneurship in Ihiala Local Government Area, Anambra State, Nigeria**

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## **Abstract**

*This study investigated Role of Communication and Technology on Quality of Entrepreneurship in Ihiala Local Government Area, Anambra State, Nigeria. The objectives of the study are: to determine the effect of technical skills on the quality of entrepreneurship; to find out effect managerial competencies on quality of entrepreneurship; and to ascertain the extent to which capacity to access, process and use information provided through ICT impact the quality of entrepreneurship. Cross sectional survey design was adopted. The population of study was made up of micro entrepreneurs of major towns (Amorka, Azia, Okija, Ihiala, Iseke and Uli) in Ihiala Local Government Area of Anambra State. A sample size of 277 was drawn from the population of 900 through the application of Taro Yamane's statistical formula at 5% error tolerance. Structured questionnaire was the main instrument for data collection and was designed in Likert scale format. The data collected was analyzed with descriptive statistics while the corresponding hypotheses were tested with 'Z' test statistics at 0.05 alpha level. The findings indicate that: technical skills affect quality of entrepreneurship; managerial competences affect quality of entrepreneurship; and capacity to access, process and use information provided through ICT impacts quality of entrepreneurship. The study concludes that capacity to access, process and use information provided by ICT; managerial competences and technical skills impact the quality of entrepreneurship. Therefore the study recommends that entrepreneurship businesses, particularly those within micro and small-scale enterprises should be encouraged to be ICT compliant in order to remain in business and boost economic growth.*

**Keywords: entrepreneurship, knowledge-based economy, managerial competences, information and communication Technologies**

## **INTRODUCTION**

The world economy is in the midst of a profound transformation, spurred by globalization and supported by the rapid development of communication and technologies that accelerate the transmission and use of information and knowledge. This powerful combination of forces is changing the way we live, and redefining the way entrepreneurs do businesses. Innovation through the creation, diffusion and use of knowledge has become a key driver of economic growth and provides part of the response to many new social challenges. However, the determinant of innovation performance has changed in a globalizing knowledge-based economy, partly as a result of information and communication technologies (Carayannis, Popescu, Caroline, and Stewart, 2005).

The development of communication and technology has the potential for transforming access to information, improving internal information systems and enhancing methods and scope of information dissemination. The extent to which the entrepreneurship business can benefit from emerging Information and Communication Technologies (ICTs) is still open to question. In terms of scale, sophistication, market orientation and geographical location, the entrepreneurship business is extremely diverse. The vast majority of entrepreneurs, particularly those within micro and small-scale enterprises, have little or no formal education, and may lack the capacity to access, process and use information provided through ICTs (Duncombe, 1999).

Communication has changed from a simple process of transmission of verbal and non-verbal messages that consists of a sender, a receiver and channel of communication to a

more complex form of communication called mass media which focuses on reaching a wide audience through internet, radio, and television (Eriksen, 2016). It has become part of peoples' lives to communicate through emails, faxes, mobile phones, texting services, video conferences, video chat-rooms and other social media channels which were not in existence in the last few decades (Karehka, 2013). Technology with the added benefit of the internet and various information and communication technology tools is gradually becoming an integral part of the Nigerian business environment and our lives (Fate, 2015).

Nigerians are famous for their entrepreneurship and determination. Traders peddle wares from wheelbarrows and create innovative ways of calling one's attention to their wares. They also put up comedic and musical displays. All these business activities have come to characterize Nigerian urban cities. One cannot deny the energy animated through in these urban cities as a result of entrepreneurship. Now when you add technology to the mix, a whole new facet of possibility is born (Fate, 2015).

This new entrepreneurship paradigm can contribute to Nigeria economic growth which is indicated by an increase in Nigeria's gross domestic product (GDP). However, communication and technology according to Natalie, (2013) is called dynamic cultural shift in the market place poses a common problem of how to use it among business people who are dissatisfied with it. As so many workers worldwide work in virtual teams, many business relationships depend on technology yet in most organizations there is a preponderance of using yesterday's tools. This study therefore focuses on role of communication

and technology on quality of entrepreneurship in Ihiala Local Government Area of Anambra State, Nigeria.

### **Statement of the Problem**

The role that emerging communication and technology can play in improving quality of entrepreneurship cannot be overestimated. Undeniably communication and technology services have, thus far, favoured large enterprises and the corporate sector located predominantly in urban areas. The impact of this enhanced communication and technology on the quality of entrepreneurship has been extremely uneven. More sophisticated modern enterprises have been able to take advantage of new technological opportunities, such as e-mail, internet access and mobile communications. However, most local and small entrepreneurs who operate in low capacity have problem of technical skills, and managerial competencies. These small entrepreneurs are also challenged by capacity to access, process and use information provided through ICT that are necessary for effective utilization of communication and technologies to boost quality. These problems that impede the quality of entrepreneurs have compelled studying role of communication and technology on quality of entrepreneurship in Ihiala Local Government Area of Anambra State, Nigeria.

### **Objectives of the Study**

- i. To explore the extent to which technical skills affect the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.
- ii. To highlight the effect of managerial competencies on quality of entrepreneurship in Ihiala Local Government Area of Anambra State

Nigeria.

- iii. To ascertain the extent to which use of ICT improves the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

### **Research Questions**

- i. To what extent can technical skills affect the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria?
- ii. How do managerial competencies affect quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria?
- iii. To what degree can use of ICT improve the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria?

### **Hypotheses**

- i. Technical skills have positive significant effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.
- ii. Managerial competencies have positive effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.
- iii. To a large degree use of ICT improves the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

## **CONCEPTUAL FRAMEWORK**

### **Communication**

Communication involves transmission of verbal and non-verbal messages. It consists of a sender, a receiver and channel of communication. In the process of transmitting messages, the clarity of the message may be interfered or distorted by

what is often referred to as barriers. Communication requires full understanding of behaviours associated with the sender and receiver and the possible barriers that are likely to exist. Communication processes can be classified into two categories namely (i) mass media and (ii) Group media. Mass media focuses on reaching a wide audience while the group media reaches a specific group with clearly defined characteristics. Radio, television and internet are examples of mass media channels while drama, storytelling, music and dance fall under group media (Eriksen, 2016).

### **Information and Communications Technology (ICT)**

ICT is often used as an extended synonym for information technology. It is a more extensive term (i.e. more broad in scope) that stresses the role of unified communications. Unified Communications (*UC*) refers to the integration of communication tools that help people exchange ideas and do their jobs more effectively. ICT is also the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information (Murray, 2011; Rouse M. and Burke J. 2016). A range of emerging communication and information access technologies has become widely available in world of business. Some of them are:

**e-mail** enables fast and relatively cheap universal communication. An e-mail message, and any accompanying computer files, can be sent via the phone line within a few minutes to any global destination. e-mail creates many advantages for business communication. It is significantly cheaper

and quicker than other methods of communication, including phone, fax and postal services.

### **Internet and World-Wide-Web (WWW).**

Connection to the internet enables communication with a global network of computers, and access to enormous quantities of information, providing for multi-media content based on text, pictures, sound, graphics and moving images. The internet, as well as providing for e-mail, also gives access to information published on web-sites, from other commercial and non-commercial organizations. The internet also allows small companies to publish their own web-sites as a means of promoting their products/services. The internet also allows users to discuss common problems and interests through *User-groups* and *Newsgroups*.

**Local Networking.** Local Networking Businesses can benefit from creating internal networks by connecting computers together by means of cabling. This enables them to communicate with each other, to share data files, printers and faxes. Computers can be linked within a single location known as a Local Area Network (LAN) or between multiple locations, known as a Wide Area Network (WAN). Internal networks can also be connected to external networks such as the World Wide Web (Internet). Internal networking gives the potential to work faster, to work more efficiently and to have better internal communications. The extent to which businesses can benefit from internal networking, however, will be dependent on a wide range of other business management factors relating to the information needs of the enterprise, the level of internal information management and the available business management skills.

**Mobile communications** are based on new digital technology, allow business owners to answer calls, from customers immediately, and to reach staff working away from the office, no matter what their location. This can bring greater flexibility, faster customer response and time savings. In developed countries mobile phones are now part of the business fabric.

**Electronic Commerce** is the process of using telephone and credit cards, electronic payment and money transfer systems and smart cards in business transaction through the medium of the internet and on-line services.

### **Technology**

Technology can be viewed as an activity that forms or changes culture. Additionally, technology is the application of math, science, and the arts for the benefit of life as it is known. A modern example is the rise of communication technology, which has lessened barriers to human interaction and, as a result, has helped spawn new subcultures; the rise of culture that has emerged from the use of computer networks for communication, (cyber culture) has, at its basis, the development of the internet and the computer (Borgmann, 2006).

### **Entrepreneurship**

Entrepreneurship is the act of being an entrepreneur, which can be defined as "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Startup Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial

activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations (Shane, 2003). Entrepreneurship is the process of designing, launching and running a new business, which typically begins as a small business, such as a startup company, offering a product, process or service (Yetisen, Volpatti, Coskun, Cho, Kamrani, Butt, Khademhosseini, and Yun, 2015).

### **Entrepreneur**

An entrepreneur is someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a goods or services will be produced. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes. Zhang, and Cueto, (2015) posit that entrepreneurs tend to be good at perceiving new business opportunities and they often exhibit positive biases in their perception (i.e., a bias towards finding new possibilities and seeing unmet market needs) and a pro-risk-taking attitude that makes them more likely to exploit the opportunity (Clifford, 2016).

### **Characteristics of an Entrepreneur**

McClelland (1961) in Agbaeze (2007) suggests the followings as the characteristics of an entrepreneur. They are:

1. *Desire for Responsibility:* Entrepreneurs like to take responsibility for their actions as associated with their ventures. They are usually at the centre of



actions. They take control of the investment and use their resources in the pursuit of their pre-determined goals;

2. *Preference for Modern Risk:* entrepreneurs are neither gamblers nor wild risk takers; rather they take calculated risks. There must be reasonable probability of success in the eyes of the entrepreneur before they could make reasonable investment in a given business venture;

3. *Confidence in Personal Success:* Entrepreneurs are men with the will and necessary ability. They believe in self and support this believe by making bounded rational decisions. Some of them fail severally before succeeding;

4. *Desire for Immediate Feedback:* Entrepreneurs as calculated risk takers are always interested in knowing how well they are doing. They rely so much on feedback mechanism to enable them embark on the necessary reinforcement to ensure maximum return on investment;

5. *High Level of Energy:* Entrepreneurs are psychologically alert. They are energy packs and are usually more energetic than average individuals;

6. *Future Orientation:* Entrepreneurs have very well defined sense of searching for opportunities. They are futuristic; today is their business, tomorrow their target, yesterday is de-emphasized, but only for data for building models of operation;

7. *Skill in Organization:* As the fourth factor of production, the coordinator of other resources, they are articulate and effective in the combination of resources in an appropriate economic manner to achieve envisaged organizational objectives;

8. *Achievement Oriented:* Entrepreneurs are mission focused. They are usually pro-occupied with how best to achieve results with minimal input.

### Functions of the Entrepreneur

Agbaeze (2007) has the followings as the

functions of an entrepreneur.

1. *Environmental Scanning:* Identification of business opportunities and threats with due recognition to entrepreneur's weaknesses and strengths;

2. *Selection:* Selection of feasible and viable business opportunities;

3. *Decision:* Decision on the most suitable form of enterprise/business to pursue or target, after appropriate segmentation;

4. *Sourcing and Allocation:* Sourcing and allocation of necessary and available factors of production to areas of need;

5. *Managerial Business Functions:* These include planning, organizing, staffing, leading, controlling and coordinating the affairs of the enterprise to ensure synergistic returns;

6. *Creativity and Innovation, Marketing and Risk Bearing;*

7. *Creation and Sustenance of business opportunities.*

### Technical Skills

Technical skills are the knowledge and capabilities to perform specialized tasks. Management often needs to have technical skills in order to communicate effectively with line workers and coordinate efforts. Technical skills comprise the knowledge and capabilities to perform specialized tasks related to a specific field. For example, in the field of computer programming, technical skills may include aspects like knowledge of computer languages, knowledge of advanced algorithms, or knowledge of assembly languages related to the basic functions of a computer (Orin, 2016).

Technical skills are the abilities to use the procedure, techniques, and knowledge of a specialized field to perform tasks. Engineers, accountants, musicians etc. have technical skills in their respective fields. It also includes specialized knowledge,

analytical ability, and the competent use of tools and techniques to solve problems in specific fields. This type of skill is acquired through formal education and it can be developed further by training and on the job experience. Technical skill is most important at lower levels of organization (Madu, 2011).

### **Managerial Competences**

A managerial competency is a skill-based capability that contributes to high performance in a management job. Managerial competencies are needed by managers when they perform the managerial functions of planning, organizing, leading, and controlling (Boyatzis, 1982). Competencies are also implicit in the information, interpersonal and decision-making demands of managerial roles, as well as agenda setting and networking as managerial activities (Schermerhorn, 2002).

### **Competencies for Managerial Success**

*Communication* demonstrates ability to share ideas and findings clearly in written and oral expression. This includes competencies in writing, oral presentation, giving/receiving feedback, and technology utilization.

*Teamwork* demonstrates ability to work effectively as a team member and team leader. This includes competencies in team contribution, team leadership, conflict management, negotiation, and consensus building.

*Self-management* demonstrates ability to evaluate oneself, modify behaviour, and meet performance obligations. This includes competencies in ethical understanding/behaviour, personal flexibility, tolerance for ambiguity, and performance responsibility.

*Leadership* demonstrates ability to influence and support others to perform

complex and sometimes ambiguous tasks. This includes competencies in diversity awareness, global awareness, project management and strategic action.

*Critical thinking* demonstrates ability to gather and analyze information for creative problem solving. This includes competencies in problem solving, judgment and decision-making, information gathering and interpretation, and creativity/innovation.

*Professionalism* demonstrates ability to sustain a positive impression, instill confidence, and maintain career advancement. This includes competencies in personal presence, personal initiative, and career management (Schermerhorn, 2002).

## **THEORETICAL FRAMEWORK**

*Joseph A. Schumpeter Theory of "Aspiration to Power"*

This study is established on the *Aspiration to Power Theory* of Joseph A. Schumpeter. This theory maintains that entrepreneurship is not a function of parental, cultural, social or religious orientation. Schumpeter asserts that individuals are psychologically motivated by "original" will to achieve power (that is the man's experience in his early stage of development). Thus, the art of entrepreneurship could occur at random in any ethnically homogenous group. He opines that a successful entrepreneur must be futuristic with very high degree of accurate forecasting ability. He maintains that a successful entrepreneur must be flexible and dynamic. In addition, he must be strong, courageous and capable of absorbing shock (Agbaeze, 2007).

## **EMPIRICAL REVIEW**

Ismail, K. O., Muhammad, A. D., Lookman, G. O. 1., Abdulrazaq, M. A. 1., Kazeem, L.O. 1, Nuhu S.J. 1., and Sikiru, A. A. (2012), conducted a study on

Entrepreneurship, ICT and SME Development in Nigeria. The study focused on the role of ICT in the development of entrepreneurship and Small and Medium Enterprise (SME) in Nigeria. The researchers employed a survey approach. The survey captured the response of 415 call centres and 230 cybercafé operators. Data were analyzed using simple percentage and correlation/chi test were employed to test hypotheses. The study found that organizations face certain constraints which could be classified as internal or external constraints. The internal constraints include an all-encompassing lack of the appropriate and adequate enterprise establishment and building knowledge, which resulted in the early collapse of many start-ups in this sector as well as poor marketing orientation. Identified external constraints include lack of personal savings and resources, lack of securities and credibility for debt financing, lack of business experience and skills for debt financing, lack of knowledge, understanding and awareness of start-up financing possibilities. These constraints negatively impact the introductory *phase* of enterprise development. The phase of transition between actual establishment and consistency in service delivery as well as performance over and above competitors' activities is affected by the long waiting periods characteristic of the process of application for funding, strict credit-scoring methodologies and regulations coupled with a complex documentation procedure for accessing loans and government financial support; complex legal requirements for establishing enterprise qualified for legally recognized financing options and lack of successful micro-finance organizations for the provision of seed capital and funding. All of these constraints also affect the survival and persistence of the enterprises in the long

term, negatively impacting on the expansion goals and objectives of the firm in the phase of operating at a level of efficiency relevant for participation in the global market. The study concludes that there is the need for necessary political will on the part of the government to ensure the creation of good environment for the development of ICT infrastructures to aid entrepreneurial development in general. This becomes exceptionally important considering the pivotal role being played in entrepreneurial development by Information and Communication Technology. The recommendation is that relevant authorities should put in place liberalizing tools for easy access to funds for start-ups as well as the streamlining of the tax system to help new firms grow in a tax friendly environment. The period for processing and accessing loans and grants should be simplified and made less complex.

Arvin Tavakoli (2013) conducted a study on Impact of Information Technology on the Entrepreneurship Development in Iran. The study lays emphasis on the role of entrepreneurial as one of the solutions to unemployment and entrepreneurship in communities that the vast majority of young people despite having the talent and enough energy still suffer from the problem of unemployment. This research was a qualitative study and the purpose is applied research. Indicators of research quality such as purposefully selected sample, the use of multiple methods such as interviews and research partnerships in the learning management system to collect information and use categories and simplification to analysis of data has been used. In summary information technology has created dramatic developments in all social activities including entrepreneurship and is regarded as the most important tool of

modern entrepreneurship. Also entrepreneurship in IT has so vast activity. Entrepreneurship is requisite of technology development and technology development is infrastructure of entrepreneurship. This study recommends that governments should develop and strengthen entrepreneurial background in information technology that is the communication and information networks and provide easy access to these networks while creating and developing the use of networks and develop and implement rules and regulations.

**METHODOLOGY**

This study makes use of descriptive survey design. The population of study is made up of micro entrepreneurs of major towns (Amorka, Azia, Okija, Ihiala, Iseke, and Uli) in Ihiala Local Government Area of Anambra State. A random sample of 277 was drawn from the population of 900 through the application of Taro Yamane's statistical formula at 5% error tolerance. Primary and secondary sources of data were employed. The primary data were collected through administration of questionnaire

that was supported with personal interview. Secondary data were collected from textbooks, journals and internet. The questionnaire was a structured type and designed in Likert scale format. 277 copies of questionnaire were administered and 268 copies were correctly completed and returned. This shows a percentage return rate of 96.75%.

The instrument was subjected to face and content validity. Test-retest method was used to make the questionnaire reliable. The data collected from the field were presented and analyzed with descriptive statistics and the corresponding hypotheses were tested with a parametric test called 'Z' test statistic. The decision rule for 'Z' test is if the observed 'Z' value ( $Z_0$ )  $\geq$  expected ( $Z_c$ ) critical value reject ( $H_0$ ) otherwise do not reject ( $H_0$ ).

**DATA ANALYSIS AND DISCUSSION**

The data collected from the field were presented and analyzed with descriptive statistics and the corresponding hypotheses were tested with a parametric test called 'Z' test statistic at 5% alpha level.

**Table 1: Responses on how technical skills affect quality of entrepreneurship**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq.	%	Freq	%	
1	Ability to perform specialized task encourages the quality of entrepreneurship.	212	79	56	21	268
2	Technical skills make it possible to communicate effectively within and outside your business.	206	77	62	23	268
3	Knowledge and capabilities to perform specialized tasks makes controlling easy.	224	84	44	16	268
4	Technical skills improve understanding of entrepreneurship.	188	70	80	30	268

Source: Field Work, (2017).

Table 1 above shows that 212 (79%) of the respondents is in the Strongly Agree and Agree category, 56 (21%) of the respondents is in the Disagree and strongly Disagree category that ability to perform specialized task encourages the quality of entrepreneurship. On the assertion that

technical skills make it possible to communicate effectively within and outside your business 206 (77%) of the respondents is in the Strongly Agree and Agree category, while 62 (23%) of the respondents is in the Disagree and strongly Disagree category. Furthermore, 224 (84%) of the respondents

agree that knowledge and capabilities to perform specialized tasks makes controlling easy while 44 (16%) disagree. 188 (70%) agree that Technical skills

improve understanding of entrepreneurship. while 80 (30%) disagree. This shows that technical skills affect quality of entrepreneurship.

**Test of Hypothesis 1**

H<sub>01</sub>: Technical skills have positive significant effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

α = 0.05

n = 1072

The test statistic is: Z Test of Proportion

$$Z_0 = \frac{P_1 - P_2}{SE}$$

$$SE = \sqrt{\frac{p_1q_1 + p_2q_2}{n_1 + n_2}}$$

Where Z<sub>0</sub> = Observed Z value

P<sub>1</sub> = Success 0.77

P<sub>2</sub> = Failure 0.23

SE = Standard Error

n = Total Response

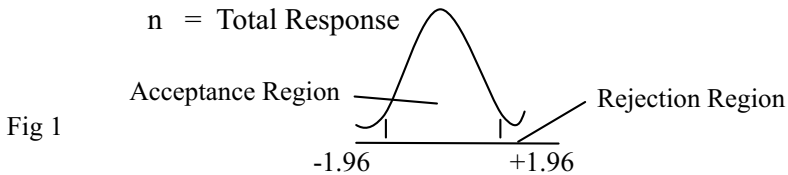


Fig 1

Two tailed test of significance using the standard normal distribution at 0.05

The decision rule: If the observed 'Z' value (Z<sub>0</sub>) ≥ expected (Z<sub>c</sub>) critical value reject (H<sub>0</sub>) otherwise do not reject (H<sub>0</sub>).

**Table 2: Computation of Text Statistic for Hypothesis One**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq	%	Freq	%	
1	Ability to perform specialized task encourages the quality of entrepreneurship.	212	79	56	21	268
2	Technical skills make it possible to communicate effectively within and outside your business.	206	77	62	23	268
3	Knowledge and capabilities to perform specialized tasks makes controlling easy.	224	84	44	16	268
4	Technical skills improve understanding of entrepreneurship.	188	70	80	30	268
	Total Response	830		242		1072
	Percentage Response	77		23		100%

Source: Field Work, (2017).

$$\begin{aligned}
 SE &= \frac{(0.77)(0.23)}{1072} + \frac{(0.77)(0.23)}{1072} \\
 &= \sqrt{\frac{0.1771}{1072} + \frac{0.1771}{1072}} \\
 &= \sqrt{0.0001652052 + 0.0001652052} \\
 &= \sqrt{0.0003304104} \\
 &= 0.01817719 \\
 Z_0 &= \frac{0.77 - 0.23}{0.01817719} = \frac{0.54}{0.01817719} \\
 &= 29.71
 \end{aligned}$$

The result of the test statistic has fallen on the rejection region. Since  $Z_{1072,.05} = 29.71 > Z_{1072,.05} = 1.96$  we reject  $H_0$ . Since the null hypothesis has been rejected we conclude that technical skills have positive significant effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

**Table 3: Responses on how managerial competencies affect the quality of entrepreneurship.**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq	%	Freq	%	
1	Competency in communication increases the quality of entrepreneurship;	229	85	39	15	268
2	The ability to influence and support subordinates to perform tasks improves the quality of entrepreneurship	189	70	79	30	268
3	Sound leadership helps to improve the quality of entrepreneurship;	241	90	27	10	268
4	Competencies in ethical understanding and personal flexibility are necessary for entrepreneurship quality	198	74	70	26	268

Source: Field Work, (2017).

Table 3 above shows that 229 (83%) of the respondents is in the Strongly Agree and Agree category, 39 (15%) of the respondents is in the Disagree and strongly Disagree category that competency in communication increases the quality of entrepreneurship. On the second questionnaire item that the ability to influence and support subordinates to perform tasks improves the quality of entrepreneurship, 189 (70%) of the respondents is in the Strongly Agree and Agree category, while 79 (30%) of the

respondents is in the Disagree and strongly Disagree category. In addition, 241 (90%) of the respondents agree that sound leadership helps to improve the quality of entrepreneurship, while 27 (10%) disagree. 198 (74%) agree that competencies in ethical understanding and personal flexibility are necessary for entrepreneurship quality while 70 (26%) disagree. This shows that managerial competencies affect the quality of entrepreneurship.

**Test of Hypothesis 2**

H<sub>02</sub>: Managerial competencies have positive effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

α = 0.05

n = 1072

The test statistic is: Z Test of Proportion

$$Z_0 = \frac{P_1 - P_2}{SE}$$

$$SE = \sqrt{\frac{p_1q_1}{n_1} + \frac{p_2q_2}{n_2}}$$

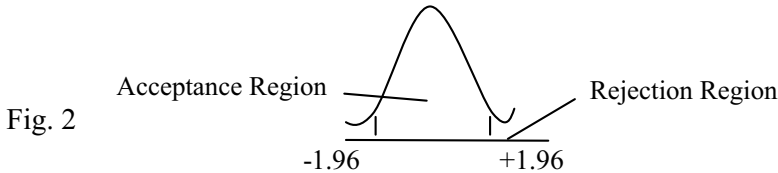
Where Z<sub>0</sub> = Observed Z value

P<sub>1</sub> = Success 0.80

P<sub>2</sub> = Failure 0.20

SE = Standard Error

n = Total Response



Two tailed test of significance using the standard normal distribution at 0.05

The decision rule: If the observed 'Z' value (Z<sub>0</sub>) ≥ expected (Z<sub>c</sub>) critical value reject (H<sub>0</sub>) otherwise do not reject (H<sub>0</sub>).

**Table 4: Computation of Text Statistic for Hypthesis Two**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq	%	Freq	%	
1	Competency in communication increases the quality of entrepreneurship;	229	85	39	15	268
2	The ability to influence and support subordinates to perform tasks improves the quality of entrepreneurship	189	70	79	30	268
3	Sound leadership helps to improve the quality of entrepreneurship;	241	90	27	10	268
4	Competencies in ethical understanding and personal flexibility are necessary for entrepreneurship quality	198	74	70	26	268
	Total Response	857		215		1072
	Percentage Response	80		20		100%

Source: Field Work, (2017).

$$\begin{aligned}
 SE &= \frac{(0.80)(0.20)}{1072} + \frac{(0.80)(0.20)}{1072} \\
 &= \sqrt{\frac{0.16}{1072} + \frac{0.16}{1072}} \\
 &= \sqrt{0.0001492537 + 0.0001492537} \\
 &= \sqrt{0.0002985074} \\
 &= 0.01727737 \\
 Z_0 &= \frac{0.80 - 0.20}{0.01727737} = \frac{0.60}{0.01727737} \\
 &= 34.73
 \end{aligned}$$

The result of the test statistic has fallen on the rejection region. Since  $Z_{1072, .05} = 34.73 > Z_{1072, .05} = 1.96$  we reject  $H_0$ . Since the null hypothesis has been rejected we conclude that managerial competencies have positive effect on the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

**Table 5: Responses on how capacity to access, process and use information provided through ICT impacts quality of entrepreneurship**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq	%	Freq	%	
1	Use of Local Area Network (LAN) or Wide Area Network (WAN) influences the quality of entrepreneurship	200	75	68	25	268
2	Use of Electronic Commerce such as telephone, credit cards, electronic payments, money transfer systems and smart cards in business transaction improves the quality of entrepreneurship	198	74	70	26	268
3	Access to internet and World -Wide-Web (www) for information published on web -sites influences the quality of entrepreneurship	191	71	77	29	268
4	Use of mobile communication to run entrepreneurship business improves the quality of entrepreneurship	219	82	49	18	268

Source: Field Work, (2017).



Table 5 above shows that 200 (75%) of the respondents is in the Strongly Agree and Agree category, 68 (25%) of the respondents is in the Disagree and strongly Disagree category that use of Local Area Network (LAN) or Wide Area Network (WAN) influences the quality of entrepreneurship. The second questionnaire item which discusses the use of Electronic Commerce such as telephone, credit cards, electronic payments, money transfer systems and smart cards in business transaction improves the quality of entrepreneurship, has 198 (74%) of the respondents is in the Strongly Agree and Agree category, while 70 (26%) of the

respondents is in the Disagree and strongly Disagree category. Under the third questionnaire item, 191 (71%) of the respondents agree that Access to internet and World-Wide-Web (www) for information published on web-sites influences the quality of entrepreneurship, while 77 (29%) disagree. 219 (82%) agree that Use of mobile communication to run entrepreneurship business improves the quality of entrepreneurship while 82 (49%) disagree. This shows that capacity to access, process and use information provided through ICT impacts quality of entrepreneurship.

**Test of Hypothesis 3**

H<sub>03</sub>: To a large degree use of ICT improves the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

α = 0.05

n = 1072

The test statistic is: Z Test of Proportion

$$Z_0 = \frac{P_1 - P_2}{SE}$$

$$SE = \sqrt{\frac{p_1q_1 + p_2q_2}{n_1 + n_2}}$$

Where Z<sub>0</sub> = Observed Z value

P<sub>1</sub> = Success 0.80

P<sub>2</sub> = Failure 0.20

SE = Standard Error

n = Total Response

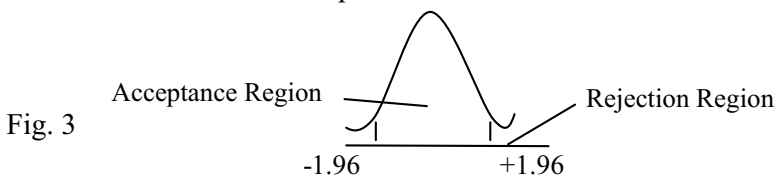


Fig. 3

Two tailed test of significance using the standard normal distribution at 0.05

The decision rule: If the observed 'Z' value (Z<sub>0</sub>) ≥ expected (Z<sub>c</sub>) critical value reject (H<sub>0</sub>) otherwise do not reject (H<sub>0</sub>).

**Table 6: Computation of Text Statistic for Hypothesis Three**

S/N o	Questionnaire Items	S. Agree/ Agree		Disagree/S. Disagree		Total
		Freq	%	Freq	%	
1	Use of Local Area Network (LAN) or Wide Area Network (WAN) influences the quality of entrepreneurship	200	75	68	25	268
2	Use of Electronic Commerce such as telephone, credit cards, electronic payments, money transfer systems and smart cards in business transaction improves the quality of entrepreneurship	198	74	70	26	268
3	Access to internet and World -Wide-Web (www) for information published on web -sites influences the quality of entrepreneurship	191	71	77	29	268
4	Use of mobile communication to run entrepreneurship business improves the quality of entrepreneurship	219	82	49	18	268
Total Response		808		264		1072
Percentage Response		75		25		100%

Source: Field Work, (2017).

$$\begin{aligned}
 SE &= \frac{(0.75)(0.25)}{1072} + \frac{(0.25)(0.75)}{1072} \\
 &= \sqrt{\frac{0.1875}{1072} + \frac{0.1875}{1072}} \\
 &= \sqrt{0.0001749067 + 0.0001749067} \\
 &= \sqrt{0.0003498134} \\
 &= 0.0187033 \\
 Z_0 &= \frac{0.75 - 0.25}{0.0187033} = \frac{0.50}{0.0187033} \\
 &= 26.73
 \end{aligned}$$

The result of the test statistic has fallen on the rejection region. Since  $Z_{1072,.05} = 26.73 > Z_{1072,.05} = 1.96$  we reject  $H_0$ . Since the null hypothesis has been rejected we conclude that to a large degree use of ICT improves the quality of entrepreneurship in Ihiala Local Government Area of Anambra State Nigeria.

## Findings

The study found that:

1. Technical skills affect quality of entrepreneurship ( $Z_{1072, .05} = 29.71 > Z_{1072, .05} = 1.96$ ).
2. Managerial competences affect quality of entrepreneurship ( $Z_{1072, .05} = 34.73 > Z_{1072, .05} = 1.96$ ).
3. Capacity to access, process and use information provided through ICT impacts quality of entrepreneurship ( $Z_{1072, .05} = 26.73 > Z_{1072, .05} = 1.96$ ).

## Conclusion

Communication and technologies accelerate the transmission and use of information and knowledge which impacts quality of entrepreneurship. Entrepreneurship depends on innovation through the creation, diffusion and use of knowledge which has become a key driver of economic growth. Capacity to access, process and use information provided through ICT, managerial competences, and technical skills enhance the quality of entrepreneurship.

## Recommendations

The development of communication and technology has the potential for transforming access to information, improving internal information systems and enhancing methods and scope of information dissemination. As such the entrepreneurship businesses, particularly those within micro and small-scale enterprises should be encouraged to be ICT compliant in order to remain in business and boost the economic growth.

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## EFFECT OF STRATEGIC PLANNING ON MARKET CREATION AT UNITED AFRICA COMPANIES OF NIGERIA (UACN), SOUTH-EAST, NIGERIA

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### ABSTRACT

*Strategic planning is seen as a systematic process of determining the firm's future goals and objectives while developing strategies that will govern the acquisition and use of resources to achieve these objectives. Strategic planning enables coordination of efforts among employees in different departments of the firm, which results in the development of integrated organizational effort and while ensuring cooperation and support for the organizational growth. Regrettably, on many occasions, organizations, authorities and governments have failed to understand and adopt the ideal process which requires the involvement and acceptance of the strategic planning(s). Many organizational developmental efforts in the past seem to have been slow and produced little results due to faulty developmental machinery and agents, most especially their inability to adopt adequate strategic planning. Incidentally, studies in the western world reveal abundance of information and data on strategic planning; the contrary is the case in developing countries including Nigeria. The major objective of this study is to examine the effect of strategic planning on market creation at United African Companies of Nigeria, operating in South-east Nigeria. The specific objectives of the study were to: determine the effect of strategic budgetary allocation plan on incremental market creation; ascertain the effect of strategic capital investment plan on disruptive market creation; and find out the relationship between strategic demographic planning and new product/service creation at United African Companies of Nigeria.. The research design adopted was descriptive survey. The population of the study was 785 staff of UACN working across the five (5) states in South-east, Nigeria. A sample size of 258 made up of the staff of UACN working across the five (5) states in South-east, Nigeria was determined using the Bill Godden's sampling size formula. The data collected was by questionnaire. Data were analyzed using Chi-Test at 0.05 level of significance. Findings from the study showed that: strategic budgetary allocation plan have a significant effect on incremental market creation ( $X^2 = 490.6 > 9.488$ ). Strategic capital investment plan have a significant effect on disruptive market creation ( $X^2 = 69.9 > 9.488$ ). Strategic demographic planning is positively related to new product/service creation ( $X^2 = 104 > 9.488$ ). It was concluded that strategic planning has a positive effect on market creation. This is seen in terms of strategic budgetary allocations made in the organization. The management of various organizations should see it as a mandates to enhance their budgetary allocation as this will enable them achieve greater market shares. It was recommended also that managers of organisations should engage in capital investment in order to enable them create new markets for their products and services.*

**Key words:** Strategic Planning, Market Creation, United Africa Companies of Nigeria (UACN).

## **INTRODUCTION**

Past and recent research studies (Mintzberg, 1994; Higgins, 2005) have made it clear that there is an increased internal and external uncertainty due to emerging opportunities and threats, lack of the awareness of needs and of the facilities related issues and environment and lack of direction. As modern business activities widen, strategic planning becomes vital in ensuring organizational survival especially in market creation.

Every organization aims to survive, be effective and grow hence rigorous planning is undertaken for it is said that any organization that fails to plan, plans to fail. So also, for organizations to be effective, a lot depends on how thorough and effective planning had been undertaken (Nnabuko, 2007).

Strategic planning as a vital instrument in an organizational setting is defined as systematic process of determining the firms' goals and objectives for at least three years into the future and developing strategies that will govern the acquisition and use of resources to achieve these objectives (Hayes, 2003). Strategic and tactical plans enable coordination of efforts among employees in different departments of the firm. Lukaszewski (2004: 113) posits that the strategist has to develop a management-oriented mindset, behaviors and attitudes. Strategic planning results in preventive rather than remedial outcomes with publics of an organization. Strategic planning projects for the future based on past and current positions using various forecasting techniques, examining public opinion surveys, initiating brainstorming sessions, and developing scenario construction (Nnabuko, 2007).

Globally, strategic planning as a management tool has been recognized as a panacea for effective organizational management. It is one of the most important

tools utilized by management for ensuring adequate performance (Hayes, 2003). In USA, strategic planning is widely used by organizations, as it is an integral part of strategy. Many companies in USA now believe that application of strategic planning can bring many benefits to their organizations, such as: development of mission and vision of the organization, adjustment to the surroundings and achievement of set goals (Herold, 2001).

In Africa, especially in Ghana, available studies have shown the use of strategic planning in the banking industry. Hector, (1991) reports that bank managers in Africa are focusing more intensively on their bank's external and internal environments with the view of creating new market with greater emphasis on setting direction (articulating a vision and a mission) and evaluating strategy alternatives more carefully.

In Nigeria, it has been proven that research and careful strategic planning prevent loss of time and loss of employee confidence which usually result from reacting too quickly to the first symptoms of a problem (Nnabuko, 2007). The more time devoted to strategic planning based on proper and objective research and planning, the less time that will be spent on trying to avoid having to react after the damage would have been done (Nnabuko, 2007).

Planning results in the development of integrated organizational effort which support in a positive rather than a defensive way by involving other managers to ensure cooperation and support for the organizational efforts (Uzoh, 2007). The importance of strategic planning cannot be overemphasized. A good organizational practice demands strategic planning (Uzoh, 2007). Frequently, evaluation is thought to be the final step in the planning process but it could best be a new beginning of a whole series of action in a new direction (Uzoh,

2007). Measuring for effectiveness of an organizational effort usually provides new direction and emphasis for an ongoing organizational campaign such as market creation (Uzoh, 2007).

The creation of new markets is an important venture to firms as it enables business organizations to mobilizing resources in response to perceived opportunities (Thompson, Rindfleisch, and Zeynep 2006). Traditionally, markets have for the most part been assumed as givens in economic analyses. Creation of markets refers to the removal of barriers to trade and the assignment of well-defined property rights to create markets where environmental goods and services with privately-appropriate values can be traded to realize their full potential values while it generates incentives for the sustainable use of resources. Despite the important of strategic planning on market creation, little or no studies have focus on determining the effect of strategic planning on market creation. This study therefore, explores the effect of strategic planning on market creation.

Despite the facts that strategic planning has brought far reaching revolution which has tremendously transformed most business landscape, it is still plagued with some constraints in Nigeria. Some of these constraints include wrong application of strategic planning by Nigerian companies, unethical attitude and conduct of firms, poor organizational structure in and non-conformity of the rules and standards by the workers in different organization towards actualization of the strategic goals (Kessler and Kelly, 2000). In many occasions, organizations, authorities and governments have failed to understand and adopt the ideal process which requires the involvement and acceptance of the strategic planning(s) (Kessler and Kelly, 2000). Many organizational development efforts in

the past seem to have been slow and produced little results due to faulty developmental machinery and agents, and most especially, the inability to adopt adequate strategic planning (Michael and Eisenstat, 2000).

Michael and Eisenstat (2000) opined that organizational development programmes are seen to have ran into problems due to lack of effective communication to the people; complacent upper management; unclear strategy; conflicting priorities; poor coordination across the enterprise; false support; cultural issues; lack of funds; mismatches between strategy and structure; information technology constraints; communication gaps; passive resistance; pessimism and skepticism; inadequate strategic budgetary allocation plan; little or no strategic capital investment plan; uncoordinated strategic demographic planning; and inadequate middle-manager and supervisor management skills. Organizational development programmes may not have been well-planned, designed, and articulated, hence, failed to bring development to the organization (Michael and Eisenstat, 2000).

### **Statement of the Problem**

The importance of strategic planning in an organization cannot be overemphasized. Strategic planning results in the development of integrated organizational effort which support in a positive, rather than a defensive way by involving other managers to ensure cooperation and support for the organizational efforts. Strategic planning in organizations helps analyze external factors which influences their operations; perceive internal strengths and weaknesses and, on that basis, set organizational goals and takes all necessary measures in order to achieve planned goals.

Regrettably, on many occasions, organizations, authorities and governments

have failed to understand and adopt the ideal process which requires the involvement and acceptance of the strategic planning(s). Many organizational development efforts in the past seem to have been slow and produced little results due to faulty developmental machinery and agents, and most especially, the inability to adopt adequate strategic planning. Organizational development programs are seen to have ran into problems due to lack of effective communication to the people; complacent upper management; unclear strategy; conflicting priorities; poor coordination across the enterprise; false support; cultural issues; lack of funds; mismatches between strategy and structure; information technology constraints; communication gaps; passive resistance; pessimism and skepticism; inadequate strategic budgetary allocation plan; little or no strategic capital investment plan; uncoordinated strategic demographic planning; and inadequate middle-manager and supervisor management skills. Organizational development programmes may not have been well-planned, designed, and articulated, hence, failed to bring development to the organization.

Failure to plan, design, and articulate organization development programmes effectively may jeopardize the chances of bringing development to organizations. Organizational development programmes such as market creation are believed to run easily into problems when not strategically planned. Inadequate utilization of strategic planning is likely to adversely affect mobilization of organizational resources needed for organizational development programmes such as market creation.

It is against this backdrop therefore, that the research seeks to examine the effect of strategic planning on market creation at UACN, South-east Nigeria, with a view to

recommending strategic planning approaches in line with international best practice for effective organizational development in the area of market creation.

### **Objectives of the Study**

The main objective of the study was to examine the effect of strategic planning on market creation at United African Companies of Nigeria, in South-east Nigeria.

The specific objectives of the study were to;

- i. determine the effect of strategic budgetary allocation plan on incremental market creation at United African Companies of Nigeria, in South-east Nigeria.
- ii. ascertain the effect of strategic capital investment plan on disruptive market creation at United African Companies of Nigeria, in South-east Nigeria.
- iii. find out the relationship between strategic demographic planning and new product/service creation at United African Companies of Nigeria, in South-east Nigeria.

### **CONCEPTUAL AND THEORETICAL FRAMEWORK**

**Conceptual Framework:** Strategic planning as a management concept has no universally accepted definition. However some scholars have attempted defining the concept. Strategic planning have been defined as the process that involves analyzing the opportunities and threats in the market place, which include building the strengths and correcting the weaknesses within the firm (Bernett&Willsted, 1988).

Strategic planning is also defined as the process of using systematic criteria and



rigorous investigation to formulate, implement and control strategy and formally document organizational expectations (Higgins & Vincze, 1993). It is also seen as a process by which organizations envision the future and develop the necessary procedures and operations to influence and achieve such future. Strategic planning according to Meier, O'Toole, Boyne, and Walker (2007) consists of a set of underlying processes that are intended to create or manipulate a situation, that create a more favorable outcome for a company.

Strategic planning has the key objective of aligning the organization's activities with its environment, thereby providing for its continuing survival and effectiveness. According to Adeleke, Ogundele and Oyenuga (2008) strategic planning requires an organization to monitor its internal and external environments constantly for changes that may require modifying existing strategic and tactical plans or developing different ones altogether.

In marketing, the term market refers to the group of consumers or organizations that is interested in the product, has the resources to purchase the product, and is permitted by law and other regulations to acquire the product. The market definition begins with the total population and progressively narrows. An actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, or contracts or instruments, for money or barter.

The creation of new markets is important to economic growth and national development. But markets do not emerge spontaneously; rather, they often arise when entrepreneurs or firms succeed in mobilizing resources in response to

perceived opportunities (Ansoff, 1990). Traditionally, markets have for the most part been assumed as givens in economic analyses. Even strategic and marketing management have taken their cues from the exogenous markets of classical and neo-classical economics – rooted in rational choice at the micro level, and propelled at the macro level by the notion of Pareto optimality (Stephen, 2016). Creating a new market requires understanding whether there is a large customer base that couldn't do this before, whether these customers are convinced that they want or need new product, and whether customer adoption occurs in your lifetime.

It also requires rather sophisticated thinking about financing – how organizations manage the cash burn rate during the adoption phase, and how the organization manage and find investors who are patient. In a new market the product features are at first irrelevant there are no competitors (except other pesky startups), however the users and the market are undefined and unknown. Kasser, (2003) opined that creating a new market, the problem is how to convince a set of customers that the organization vision is not a hallucination.

Studies have shown that in most cases, being first to the market provides a significant and sustained market-share advantage over later entrants. Muñiz and Schau (2005) asserted that pioneers with a distinctive presence in the marketplace need to be in a position to react, or even better, anticipate potential entrants and increase the barriers to their entry. For example, a pioneer may be in a position to reduce its price and decrease the value of the business for a new entrant, or it can block entrance entirely by controlling key distribution channels. Whether late entrant or a pioneer seeking to foil newcomers, it helps to have a thorough understanding of the entry and

defensive strategies available, a good sense of timing and a game plan for decision-making.

Kozinets, and Handelman (2004) in reviewing the reasons for pioneer market advantage mentioned that, consumers in general are risk averse. If a product or service provides enough satisfaction, consumers do not want to risk switching to a new product. Secondly, the pioneer becomes the prototype for the product category. Later entrants are compared to the pioneer, and it is always somewhat unfavorably.

**Theoretical Framework:** This study is based on creation theory. Creation theory is a logical theoretical alternative to discovery theory for explaining the actions that entrepreneurs take to form and exploit opportunities (Aldrich and Ruef, 2006; Venkataraman, 2003). In creation theory, opportunities are not assumed to be objective phenomena formed by exogenous shocks to an industry or market. Rather, they are created, endogenously, by the actions, reactions, and enactment of entrepreneurs exploring ways to produce new products or services (Baker and Nelson, 2005). In creation theory, opportunities do not necessarily evolve out of pre-existing industries or markets, the entrepreneurs act, and observe how consumers and markets respond to their actions. While, ex post, after an opportunity has been exploited, it will always be possible to show how that opportunity evolved out of a prior industry or market, creation theory suggests that, ex ante, before an opportunity is created, its links with prior industries or markets are unknown.

This theory suggests that the seeds of opportunities to produce new products or services do not necessarily lie in previously existing industries or markets. In creation theory, bringing agency to opportunities is

without meaning since opportunities do not exist independently of the actions taken by entrepreneurs to create them (Weick, 1979). In this view instead of being passive with respect to the formation of new opportunities, creation theory assumes that entrepreneur's actions are the essential source of these opportunities—they build the mountains. In this model, entrepreneurs do not wait for exogenous shocks to form opportunities and then provide agency to those opportunities, they act (Baker and Nelson, 2005; Sarasvathy, 2001). And in acting, they form opportunities that could not have been known without the actions taken by these entrepreneurs.

## RESEARCH METHODS AND PROCEDURES

This study applied the survey design, this is because survey design allows for the collection of original data from the respondents, describes the present situation and problems in their natural setting and permits a sample representing the population to be drawn (Fisher, 2004). Because of the versatile and practical nature of the research design, it is considered most suitable for the study. Both Primary and secondary source of data were used in this study. The primary data were collected through the use of both structured and unstructured questionnaire. Secondary data used included text books, Journals, Dailies, and Internet materials. The study made use of content validity; copies of the questionnaire were given to 3 management and research experts in the department of management, UNN, for validation. In testing for the reliability of the instrument, a test re-test method was applied in which 50 copies of the questionnaire were distributed to the selected management staff (10 each from each state) in the south-east. After some days, the instruments were collected, re-administered for a second time, using the

Spearman's Rank Correlation Coefficient of reliability to show the degree of consistency in the items of the survey.

as follows:

$$SS = \frac{(1.96)^2 (0.5) (1-0.5)}{(0.05)^2}$$

$$= \frac{(3.8416) (0.5) (0.5)}{(0.0025)}$$

$$= \frac{0.9604}{0.0025}$$

$$= 384.16 \text{ approximately } \mathbf{384}.$$

Given SS =  $\frac{SS}{1+(SS-1)}$  .....

(Equation B)

$$\frac{SS}{1+(SS-1)}$$

POP

Where

SS (Sample Size) = 384

POP (Total Population) = 785

Substituting the value of SS in equation B

Therefore:

$$SS = \frac{384}{1+(384-1)}$$

$$= \frac{384}{1.48789} = 258$$

$$= \frac{384}{1.48789}$$

$$= 258$$

**Data Analysis and Report**

The research instrument was administered to the respondents (management and staff). The returned instrument was scored and used for data analysis. The data gathered for this study were analyzed using Pearson Product Moment Correlation Coefficient and Regression Analysis. A total of 265 questionnaires were distributed to the respondents out of which 251 were validly returned as shown in the table 1 below.

**Population and Sampling Procedure**

The population for the study comprised of the staff and management of the selected UACN offices in South-east, Nigeria. The estimated population of the study was 785 staff of UACN working across the five (5) states in South-east, Nigeria that is, Abia, Anambra, Ebonyi, Enugu and Imo States.

Godden (2004) statistical formula was adopted to determine the sample size from the total population of the UACN offices in the South-east. Godden rule applies where population is less than 50,000.

The formula for Godden (2004) is:

$$SS = \frac{Z^2 (P)(1-P)}{C^2}$$

..... (Equation A)

Given SS =  $\frac{SS}{1+(SS-1)}$

..... (Equation B)

$$\frac{SS}{1+(SS-1)}$$

POP

Where

SS = Sample Size

Z = Confidence Level (95%)

P = % of population picking a choice (Worst case of the sample 50% or 0.5)

C = Confidence Interval = 0.05

Pop = Total population

Thus, applying this formula to determine the sample size for this study, we substitute

**Table 1: Analysis of Questionnaire**

Total Distributed	Returned Questionnaire	%	Difference	%
265	251	94.7	14	5.3

Source: Field Survey, 2016

The table indicates that fourteen questionnaires were not valid representing 5.3%. The remaining 251 questionnaire were valid and represent 94.7% of the total distributed

**Test of Hypotheses**

**Hypotheses One:**

H<sub>1</sub>: Strategic budgetary allocation plan have a significant effect on incremental market creation

H<sub>0</sub>: Strategic budgetary allocation plan have no significant effect on incremental market creation.

The main aim of this hypothesis is to determine whether strategic budgetary allocation have a significant effect on incremental market creation.

**Question: The organization uses budgetary allocation in gaining increased customer patronage**

Options	Observed Frequency	Expected Frequency
Strongly agreed	189	50.2
Agreed	34	50.2
Undecided	16	50.2
Disagreed	9	50.2
Strongly disagreed	3	50.2
<b>Total</b>	<b>251</b>	<b>100.0</b>

Source: field survey 2016

Degree of freedom = (r-1)(c-1)  
 (2-1)(5-1) = 4

Level of significance = .05

Table value = 9.488,  $X^2 = (O_i - E_i) / E_i$

Applying the chi-square formula

$X^2 = (O_i - E_i) / E_i$

$X^2 = \frac{(189-50.2)^2}{50.2} + \frac{(34-50.2)^2}{50.2} + \frac{(16-50.2)^2}{50.2} + \frac{(9-50.2)^2}{50.2} + \frac{(3-50.2)^2}{50.2}$

383.8 + 5.2 + 23.39 + 33.8 + 44.4 = 490.6

**Decision:** Since the chi-square calculated as 490.6 id greater than the critical value of 9.488 in the table, the alternate hypothesis which state that strategic budgetary allocation plan have a significant effect on incremental market creation is therefore accepted while the null hypothesis is rejected.

**Hypothesis Two:**

H<sub>1</sub>: Strategic capital investment plan have a significant effect on disruptive market creation

H<sub>0</sub>: Strategic capital investment plan have a significant effect on disruptive market creation.

The main aim of this hypothesis is to determine whether strategic capital investment have a significant effect on disruptive market creation.

**Question: Strategic Capital Investment brings about Invention of Technological Market**

Options	Observed Frequency	Expected Frequency
Strongly agreed	87	50.2
Agreed	68	50.2
Undecided	53	50.2
Disagreed	31	50.2
Strongly disagreed	12	50.2

Source: field study 2016

Degree of freedom = (r-1)(c-1)

$$(2-1)(5-1) = 4$$

Level of significance = .05

Table value = 9.488,  $X^2 = (O_i - E_i)/E_i$

Applying the chi-square formula

$$X^2 = (O_i - E_i)/E_i$$

$$X^2 = \frac{(87-50.2)^2}{50.2} + \frac{(68-50.2)^2}{50.2} + \frac{(53-50.2)^2}{50.2} + \frac{(31-50.2)^2}{50.2} + \frac{(12-50.2)^2}{50.2}$$

$$27.0 + 6.3 + 0.2 + 7.3 + 29.1 = 69.9$$

**Decision:** Since the chi-square calculated as 69.9 is greater than the critical value of 9.488 in the table, the alternate hypothesis which state that strategic capital investment plan have a significant effect on disruptive market creation is therefore accepted while the null hypothesis is rejected.

**Hypothesis Three:**

H<sub>1</sub>: Strategic demographic planning is positively related to new product/service creation

H<sub>0</sub>: Strategic demographic planning is not positively related to new product/service creation.

The main aim of this hypothesis is to determine whether Strategic demographic planning is positively related to new product/service creation.

**Question: Strategic Demographic Planning and New Product/Service Creation**

Options	Observed Frequency	Expected Frequency
Strongly agreed	96	50.2
Agreed	75	50.2
Undecided	44	50.2
Disagreed	32	50.2
Strongly disagreed	4	50.2

Source: Field Work, 2016

Degree of freedom = (r-1)(c-1)

$$(2-1)(5-1) = 4$$

Level of significance = .05

Table value = 9.488,  $X^2 = (O_i - e_i)/e_i$

Applying the chi-square formula

$$X^2 = (O_i - e_i)/e_i$$

$$X^2 = \frac{(96-50.2)^2}{50.2} + \frac{(75-50.2)^2}{50.2} + \frac{(44-50.2)^2}{50.2} + \frac{(32-50.2)^2}{50.2} + \frac{(4-50.2)^2}{50.2}$$

$$41.8 + 12.3 + 0.8 + 6.6 + 42.5 = 104.0$$

**Decision:** Since the chi-square calculated as 104.0 is greater than the critical value of 9.488 in the table, the alternate hypothesis which state that strategic demographic planning is positively related to new product/service creation is therefore accepted while the null hypothesis is rejected.

**Discussion of the Results**

The study shows that strategic budgetary allocation plan have a significant effect on incremental market creation  $X^2 = 490.6 > 9.488$ . In the researcher opinion, the finding is an indication that, strategic planning is a vital concept in organization as it goes a long way to determine the ability of organization to increase its market shares. In other word, organizations can increase their market share by engaging in a by

allocating their resources to some areas like acquisition of more raw material, training of the staff. Based on the finding of the study, a vast majority of the participants are of the opinion that strategic planning impact ability to increase the volume of its market share.

In addition, the study indicates that strategic capital investment plan have a significant effect on disruptive market creation. With the advent of massive, disruptive

technology, organizations have been able to create a new set of market. In this regards, market that is quite different from the traditional market have emerged. Based on the findings, UACN have been engaging in capital investment which have successful enable the organization to develop online platform whereby customers can make order via their website as well as through mobile phones.

This indeed is an indication that, strategic planning is a vital component of any organization as it leads to a higher performance of organization. This finding agrees with previous study elsewhere by Ovbiagele and Ijeh (2015) who reported that there is a positive relationship between strategic planning and organization performance. Similarly, the study findings agrees with Owolabi and Makinde (2012) conclusion that strategic planning is beneficial to organizations in achieving set goals and recommends that universities and other corporate organizations alike, should engage in strategic planning in order to enhance corporate performance

Also the study identified that strategic demographic planning is positively related to new product/service creation. The result of this finding goes further in the researcher opinion to point out the benefit of strategic planning. Through strategic planning which according to Adeleke, Ogundele and Oyenuga (2008) requires an organization to monitor its internal and external environments constantly for changes that may require modifying existing strategic and tactical plans or developing different ones altogether, UACN have tactically been able to develop new products and services that best satisfy the changing demography of its clients.

### **Conclusion**

The important of strategic planning in organization remains a cornerstone that

management cannot forfeit. It is inextricably interwoven into the entire fabric of management. It is a function and responsibility of all managers at all levels in an organization and remain crucial for the sustainability of any business in the global business world. Strategic planning therefore is part of the contemporary managerial tool kits not only for dealing with the inevitable uncertainty in the management environment but also, for stimulating organizational performance. Today, strategic planning is been implemented by global business managers in an effort to create a new market for their product and services.

This study concludes that strategic planning have a positive effect on market creation. This is seen in terms of strategic budgetary allocations been made in the organization. Budgetary allocation as a key component in strategic planning has the potential to determine the extent to which an organization can achieve an increment in it market shares. Incremental market share is often seen among organization hoping to create a competitive advantage.

### **Recommendations**

Based on the findings of this study, the following recommendations are put forth

1. The management of various organizations should see it as a mandate to enhance their budgetary allocation as this will enable them achieve greater market shares.
2. Organization managers should engage in capital investment in order to enable them to create new market for their products and service
3. There should be concerted effort by the management of UACN in monitoring the external environment of the organization in terms of the demographic as it have the potential of determining the type of product and services the company offers.

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# **Job Insecurity of Outsourced Staff and Fraudulent Practices in the Post-Consolidation Banking Industry in Nigeria**

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## **Abstract**

*The banking industry in Nigeria has witnessed a phenomenal increase in cases of frauds and forgeries since after the consolidation of banks of 2004/2005. Bank examination Reports of the Nigeria Deposit Insurance Corporation reveal that many of these cases are traceable to temporary employees who are outsourced. The focus of this study is to examine the extent to which job insecurity on the part of outsourced workers affects the rate of fraudulent practices in the post-consolidation banks in Nigeria. Eight banks were randomly selected for the study from the 21 Money Deposit Banks in Nigeria. Using Raosoft calculator on sample size, the assumed population size was 20,000 which gave rise to a sample size of 377. Out of the 377 copies of the questionnaire sent out, 342 respondents returned theirs fully completed. The study shows that job insecurity of outsourced staff significantly affects the increasing rate of fraud in the banking industry in Nigeria was accepted. Other findings show that fraud increases because of (1) payment of exploitative salaries, (2) exposure of outsourced staff to sensitive core banking jobs, (3) the need for the outsourced staff to save for 'tomorrow', (4) the perception by the outsourced staff that the system is wicked to them, and (5) the fact that the outsourced staff are not employees of the banks makes it difficult for the banks to discipline them.*

**Key words:** *Fraudulent practices, job insecurity, motivation, outsourcing, outsourced staff, post-consolidation banking industry.*

## Introduction

Prior to when human resource outsourcing became the vogue in the banking industry in Nigeria, the banks were responsible for the welfare of all their workers at all levels owing to the contractual relationship between the employers and employees; while the employees were expected to perform their assigned duties within the limits of prescribed operational guidelines and codes of conduct. The employees were individually held liable for their actions at any time their performances or attitudes fell short of standards as contained in the operational manuals of the individual banks as well as the professional guidelines on ethics and professionalism as directed by the regulatory bodies of the industry; namely, the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC); as well as the professional body, the Bankers' Committee of the Chartered Institute of Bankers of Nigeria (CIBN).

The case is different now that some of these workers, who were formerly staff of the banks, have been transferred to outsourcing agencies, which are subsidiaries of the banks, in the aftermath of downsizing, rightsizing, and reengineering to reduce operational costs. These outsourced workers may or may not continue to be in the same branch of the banks; but more important is that their legal statuses have changed: they are no longer regarded as direct employees who are responsible to the bank and *vice versa*, a position which raises serious legal, security, and compliance implications that ought to be addressed in the contract between the client banks and the suppliers of outsourced staff. In addition to this category of "non-bank staff" working in the banks are those employed directly by the employment agencies (external agencies) and seconded to join the army of

"non-bank staff" in the Nigerian banks as outsourced workers (Armstrong, 2005; Nigeria Deposit Insurance Corporation, 2015).

Available statistics on global outsourcing show that in 2014 alone, the global market size of outsourced services was US\$104.6 billion, the highest since the strategy became the vogue; and the commonest forms of outsourcing are in the areas of information technology outsourcing (ITO) and business process outsourcing (BPO). The revenue of the global ITO industry in 2014 was US\$76.1 billion; while the revenue from the global BPO industry was US\$28.5 billion. The BPO is made up of call centre outsourcing, human resources outsourcing (HRO), finance and accounting outsourcing, and claims processing outsourcing (Sourcingmag.com, 2015). The 2001 Outsourcing World Summit articulated the top reasons for outsourcing to be based on the criteria of focus on core, to reduce cost, improved quality, to increase speed to market, to foster innovation, and to conserve capital, which were accorded 36%, 36%, 13%, 10%, four per cent, and one per cent respectively (Schaffhauser, 2005).

In spite of this seeming success story in global outsourcing as shown in those figures, in recent years, cases of fraud in the post-consolidation banking industry in Nigeria have been on the increase. Prior to the consolidation of Nigerian banks in 2014/2015, many banks had had their shareholders' values eroded, while most investors had lost confidence in the banking system. This has been described by the NDIC (2015), the government insurer of customers' deposits in the banks, as one of the negative fall-outs of outsourcing in what Merton (1957) refers to as "latent dysfunction" (the unintended consequence of the adoption of the outsourcing

strategy).As NDIC (2015) observes, the implementation of the outsourcing strategy has been problematic. In its annual Bank examination Reports,the Corporation furtherstates that more and more outsourced staff have been involved in frauds and forgeries in the banks; and this situation has made it to severely reprimand the Deposit Money Banks (DMBs) in the country over the unwholesome practice of engaging contract or outsourced staff in the industry.

Besides, the Corporationreports that in as much as the banking systemregulators

appreciate the necessity for banks to cut costs, it is incumbent on the banks to fashion out capacity building and other strategies to motivate all employees to contribute positively to the growth and well-being of the banks; rather than create room for some employees to engage in criminal acts that impact adversely on the entire banking system. Specifically, available statistics from the Nigeria Deposit Insurance Corporation (NDIC, 2015) on cases of frauds and forgeries in the Deposit Money Banks in Nigeria, from 2010-2014,are as contained in Table 1 below.

**Table 1: Summary of Cases of Frauds and Forgeries in Nigerian Banks (2010-2014)**

Item	2010	2011	2012	2013	2014
Cases	1,532	2,352	3,380	3,786	10,618
Amount Involved	N21.29billion	N28.40billion	N17.97billion	N21.80billion	N25.61billion
Total Staff Involved	357	498	531	682	465
Temporary Staff Involved	33 or 9.24%	78 or 15.66%	226 or 42.56%	144 or 21.11%	126 or 27.10%

Source: NDIC Annual Reports (2010-2014)

The table shows that in 2010, 2011, 2012, 2013 and 2014, the number of fraud cases reported were 1,532; 2,352; 3,380; 3,786 and 10,618 and the amounts involved were N21.29billion; N28.40 billion; N17.97billion; N21.80billion and N25.61billion respectively. The figures also show that during the same period under reference, 357 staff, 498 staff, 531 staff, 682 staff, and 465 staff were involved in frauds and forgeries in the banking industry in Nigeria out of which 33 (9.24%); 78 (15.66%); 226 (42.56%); 144 (21.11%); and 126 (27.10%) respectively were temporary staff.

With particular reference to 2014, NDIC (2015) reveals that over 64% of the frauds and forgery cases are traceable to contract or temporary or outsourced staff which they perpetrate in the areas of web-based (online banking)/ATM card related crime, fraudulent transfer/withdrawal of deposit

frauds, and suppression of customer deposits, etc. What this means is that contrary to the spirit of outsourcing that only non-core jobs are outsourced to third parties while core jobs are insourced, outsourced staff in the Nigerian banking industry are exposed to core banking jobs hence they are able to commit frauds related to online banking, funds transfer, and suppression of customer cheques and deposits.

In a paper on consolidating the Nigerian banking industry to meet the challenges of the 21<sup>st</sup> century, Soludo (2004) notes that for the industry to experience sustainable growth, it must address with seriousness “the spate of frauds, ethical misconduct, falsification of returns of the banks to the Central Bank, unprofessional use of female staff in the banks in the name of marketing, etc”

## **Problem Statement**

The picture painted in the NDIC reports portrays the post-consolidation Nigerian banking industry as being highly vulnerable to fraudulent practices and a large proportion of the cases are traceable to the outsourced staff in the industry. The Economic and Financial Crimes Commission (EFCC) is inundated with several cases of bank frauds running into billions of Naira. While some of the cases have been lost in courts; some have become toxic and irrecoverable; while some are ongoing in various courts with the attendant costs in terms of delays and financial costs involved in litigations in Nigeria.

Besides, to attest to the prevalence of job insecurity in the industry, and the fact that outsourced staff have taken over core banking roles, in contravention of the spirit and letter of outsourcing, the Nation (2015), in its caption, "The Rising Staff Turnover in Banks" reports that some of the financial institutions have already outsourced a good number of job functions, a development that has seen some of them transfer significant number of employees to third party companies. For instance, the report states that Skye Bank Plc in 2015 announced the transfer of "its tellers, drivers, security personnel and other support staff members to three outsourcing firms"; namely, Optimum Continental Services, Strategic Outsourcing Limited, and Integrated Corporate Services Limited. This decision led to the disengagement of the affected employees from the bank and their subsequent transfer to these third party firms.

For one thing, banking is based on trust between the banker and the customer; and the continued patronage of banks is a function of the confidence that the depositors, especially the small depositors,

have on the banking system. For another, where such confidence has been eroded, there is likely to be a run on the banking system and the industry, in turn, is likely to experience systemic failure as was witnessed in the 1990s.

Although studies have been carried out to investigate this rather high incidence of fraud in the Nigerian banking industry from different perspectives, to the best of our knowledge, the lacuna is that there has been no study into how job insecurity on the part of the outsourced staff lures perpetrators of frauds in this category of employees in the industry to commit fraud. It is pertinent therefore that an empirical study is undertaken to ascertain how job insecurity of outsourced staff affects the increasing rate of fraud in the banking industry in Nigeria.

## **Objective**

To determine the effect of job insecurity on the part of outsourced staff on the increasing rate of fraud in the post-consolidation banking industry in Nigeria.

## **Hypothesis**

The job insecurity of outsourced staff significantly affects the increasing rate of fraud in the post-consolidation banking industry in Nigeria.

## **Review of Relevant Literature**

### **The Concept of Fraud**

Merriam-Webster Dictionary defines fraud as an "intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right or an act of deceiving or misrepresenting". The Legal Dictionary defines it as "(1) wrong deception with the intent to gain personally or financially, (2) intentional deception in order to persuade another person to part with something of

value, (3) a person who pretends to be something or someone he is not". Another definition by Business Dictionary has it as an "act or course of deception, an intentional concealment, omission, or perversion of truth, to: (1) gain unlawful or unfair advantage, (2) induce another to part with some valuable item or surrender a legal right, or (3) inflict injury in some manner".

From the above definitions, one is able to deduce that fraud is an intentional act; it involves deception or misrepresentation by someone to gain something personally or financially; it is an inducement or persuasion to make someone lose something valuable; it involves concealment of truth; it involves taking unfair advantage of another person; it involves making another party to surrender a legal right and, more importantly, it involves inflicting injury in some manner on another person or party. In the case of bank frauds and forgeries, the injury is not inflicted on the bank customers whose deposits have been insured to some extent by NDIC; it is not on the outsourcing agencies that are not affected by the losses arising from them. Rather, they are inflicted on the banks who are the users of the outsourced staff; some are negligent to the point that they allow outsourced staff to perform the same sensitive jobs as the core bank staff only to be paid peanuts as salaries all for the sole purpose of reducing operational costs. The overall effect is on the shareholders' value.

Faced with the preponderance of fraud in many companies nowadays, Abdullahi and Mansor (2015) advocate a paradigm shift from the current posture of spending so much money on investigating fraud related cases to fraud prevention. For one thing, it is less expensive and much more effective if fraud is prevented than for more money to

be spent on investigating such cases when they have occurred, especially when there is no assurance that the lost funds are recoverable. Arguing in the same vein, Thanasak (2013) is of the opinion that the initial focus of business firms in the prevention of fraud should be to examine the factors that lead to fraudulent behaviour as the identification of such factors will facilitate proactive reduction of fraud and management of associated risks.

### Theories on Fraud

There are two dominant theories that have offered explanations on what could lead people to commit fraud: (1) Cressy (1950)'s Fraud Triangle Theory (FTT); and (2) Wolfe and Hermanson (2004)'s Fraud Diamond Theory (FDT). Cressy (1950) identifies three elements as being responsible for people engaging in fraud which are in a pyramid; namely, "pressure", "opportunity", and "rationalization".

Quite a number of scholars have done some works to illuminate these variables. For instance, Lister (2007) identifies three types of "perceived" pressure; namely, personal, employment stress, and external pressure as being the driving forces behind the pressure that pushes perpetrators of fraud in organizations. On his part, Murdock (2008) is of the view that the pressure could be better seen from financial, non-financial, and political and social perspectives.

In the case of "perceived" opportunity, an opportunity is said to arise due to ineffective corporate governance in the firm. This situation enables perpetrators to take advantage of weaknesses in the internal controls in the organization. Like pressure, opportunity may not be real but it may exist in the perception and belief of the perpetrator that he could carry out the fraud and will not be caught. Consequently,

Abdullahi and Mansor (2015) identify two elements that create opportunity in the organization: (1) the inherent susceptibility of the organization to manipulation; and (2) the organizational conditions that may warrant fraud to occur. In other words, inadequate job division, weak internal control, irregular audit, etc, provide the favourable conditions for employees to commit fraud.

“Rationalization”, on the other hand, refers to the justification and excuses by which the perpetrator is able to convince himself that immoral conduct is different from a criminal act; as there are some acts which could be immoral yet not criminal (Abdullahi and Mansor, 2015).

In its theoretical proposition, the Fraud Diamond theory, while agreeing with the Fraud Triangle Theory on the three components of incentive (pressure), opportunity, and rationalization, went a step further by advocating a fourth component of “capability”. Wolfe and Hermanson (2004) are of the view that while opportunity opens the door for committing fraud, incentive (pressure) and rationalization provide the lead for the person, while capability makes the person to realise that there is an open door (opportunity) that should be exploited.

However, Sorinke (2016), in a recent work, argues that there is still a missing link in the Fraud Triangle and Fraud Diamond theories. He is of the opinion that with recent happenings, the factors identified by Cressy (1950) and Wolfe and Hermanson (2004) are no longer adequate in explaining the behaviour behind fraud. Hence, he advocates a Fraud Pentagon model wherein an additional dimension of “personal ethics” is a key factor in motivating perpetrators of fraud.

Our observation is that what looms large in the earlier two dominant theories; namely, the Fraud Triangle Theory and the Fraud Diamond Theory; and even Sorinke (2016)'s Fraud Pentagon Model, is that more attention is focused on the perpetrator of the fraud and less attention on the organization that provides the opportunity for the fraud to be committed. The only organizational 'error' which has been alluded to is that there could be weak corporate governance procedures which are subject to manipulation by the perpetrators of fraud who may take advantage of such weak internal controls.

As NDIC (2005) notes, the incidents of fraud on the part of outsourced staff in the Nigerian banking industry are on the increase because of weak internal controls; and this agrees with the position of some scholars of victimology whose main focus is on victim-instigated crimes. Merriam-Webster Dictionary (2016) defines victimology as the study of the ways in which the behaviour of crime victims may have led to or contributed to their being victimized. A crime victim is a person (in this case the bank) who has been physically, financially or emotionally injured by another person who committed the crime by taking or damaging his property (Dussich, 2010).

Victimologists are therefore out to establish the role of the victim in instigating a crime or making a crime to be successful, as some studies have revealed that both the criminal and the one who created the enabling environment for the crime to take place are, more often than not, blameworthy. While we find no fault with NDIC's position on outsourced staff and their roles in fraudulent cases in the banks, our point of departure is the impression being created by the banks, the customers, and the regulatory

authorities, that only the outsourced staff are blameworthy; and that the client banks that utilise their knowledge and skills and the outsourcing agency have no blame (Karmen, 2006).

The client bank needs to be apportioned a part of the blame by reason that it goes outside the sphere of human resource outsourcing to deploy such staff on whom they have no disciplinary control to handle sensitive core banking functions of funds transfer, cashiering, customer care, bulk counting, web-based/ATM related tasks, etc, instead of restricting their services to non-core banking functions. This is done in the face of obvious inequalities in salaries between the outsourced staff and the core bank staff. On the part of managers in the outsourcing agencies, they make their agencies to prey on the salaries paid through them to the outsourced staff as they withhold their own part of the salaries before paying the meagre balance to the outsourced staff. To properly position how the personal traits (pressure or incentive, opportunity, rationalization, capability, and personal ethics) in the outsourced staff act as driving forces to commit the fraud therefore, the roles played by the two bodies involved in the giving out and accepting the outsourced staff ought to be examined as well (Karmen, 2006).

### Motivation Theories

Motivation theories are in two categories (1) Content theories, and (2) Process theories. While the content theories are static and are focused on how people are motivated to carry out certain activities (for example Maslow's hierarchy of needs and Herzberg's two-factor theory); the Process theories are dynamic and their focus is on how people make choices under certain given processes or situations in their efforts to obtain desired rewards (for example

Vroom's expectancy theory and Lawler and Porter's expectancy theory) (Huitt, 2011).

The issues of safety and security needs of employees featured prominently in the work of Maslow (1943, 1954) who developed a hierarchy of needs where he points out that people in organizations have different needs; and that they are motivated through incentives to achieve stated objectives. These needs were originally ordered in five levels in two groups, namely; *physiological* needs; *safety* and *security* needs; *belongingness, social and love* needs, and *esteem* needs (as lower-order deficit needs); and *self-actualization* needs (as higher-order growth needs). Maslow's hierarchy shows that people needed change overtime and new higher needs arose as lower ones were met (Huitt, 2011).

However, Maslow (1971) increased the levels to seven by adding the levels of "*Cognitive*" needs and "*Aesthetic*" needs; and in the 1990s, he further increased the needs levels to eight, with the first four still remaining as *deficit* needs and the next higher four known as *growth* needs. In the latest version, the deficit needs are: *biological* and *physiological* needs (need for air, food, drink, shelter, warmth, sex, sleep, etc); *safety* needs (need for protection from elements, security, order, law, limits, stability, etc); *affiliation* needs for belongingness and love, need for work group, family, affection, relationship, etc); and *esteem* needs (need for self-esteem, achievement, mastery, independence, status, dominance, prestige, managerial responsibility, etc). The growth needs are: *Cognitive* needs (the need to know, understand and to systematize knowledge, meaning, learning, experimenting, etc); *aesthetic* needs (the need for appreciation and search for beauty, balance form, etc);



*self-actualization* needs (the need for realising and developing full personal potential, self-fulfilment, seeking personal growth and peak experience); and *transcendence* needs (spiritual needs, for cosmic identification, etc) (Huiitt, 2011).

The issue arising from the hierarchy is how a person's employment is able to afford him or her opportunity to attain homeostasis. As we have noted, in the original five levels which were revised to seven and later to eight, the first four have been the deficit needs. These deficit needs in Maslow's hierarchy show that a person feels their absence and yearns for them when they are not present, but when each of the levels is satisfied, the person comes to the level of homeostasis where the yearning for that particular need stops. It stands to reason therefore that a person does not attain homeostasis if he is unable to meet the deficit needs. The highest level, which is the transcendence level, involves only a few people whose deficit needs have been met, and are therefore left to look beyond deficit needs. At that level, it does not require seeking for homeostasis as it is always present. Therefore, a logical deduction is that a person (whether he or she is a core staff or outsourced staff) who is unable to attain a steady state of homeostasis, arising from his inability to meet basic necessities of life while in employment, would be dissatisfied and would have a feeling of insecurity in the job (Clark, 2012).

Herzberg (1959)'s two-factor theory, especially the hygiene factors also throws some light on how a worker could experience job dissatisfaction. His work aimed at developing work situations where the employees were highly motivated and satisfied rather than where they were not motivated and not satisfied. In a nutshell, the findings of his studies showed factors which were split into two categories:

hygiene or maintenance factors and motivation factors. The motivation factors are related to the *content* of the task being performed which Herzberg referred to as *motivators or satisfiers*; each of which is associated with strong effort and good performance as seen in the works of Vroom (1964) and Lawler and Porter (1968) on expectancy. These include achievement, recognition, challenging work, advancement, and growth in the job. When they are present in a work environment, they yield feelings of job satisfaction; while their absence yields feelings of no job satisfaction (Weihrich and Koontz, 2005; Huczynski and Buchanan, 2007).

However, the absence of these motivating factors which lead to no job satisfaction does not automatically result in job dissatisfaction as the two concepts, "no job satisfaction" and "job dissatisfaction", do not have that relationship. Rather, when the motivating factors are absent, according to Herzberg, there is no job satisfaction; as the opposite of "job satisfaction" is "no job satisfaction". The reason for the "job satisfaction-no job satisfaction" relationship instead of "job satisfaction-job dissatisfaction" lies in the fact that the factors that lead to job satisfaction are different from those that result in job dissatisfaction (Kreitner and Kinicki, 2004; Weihrich and Koontz, 2005).

According to Herzberg, for there to be job dissatisfaction, there must be a situation where there are issues concerning *dissatisfiers* such as company policy and administration, technical supervision, salary, interpersonal relationships, status, job security, working conditions, and personal life. These are not motivators; and in the thinking of Herzberg, if they exist in high quantity and quality in the work environment, there will be

nodissatisfaction. In other words, there will be no job dissatisfaction when these factors are present. However, although their existence does not lead to motivation in the sense of yielding satisfaction; where they are not present; it could result in job dissatisfaction. That is, where employees have grievances about them, it results in job dissatisfaction. Unlike the motivating factors, these are factors associated with the work *context* or the work environment which Herzberg also referred to as *hygiene* or *maintenance* factors. The opposite of “job dissatisfaction” is “no job dissatisfaction”, which is a situation where an employee has no grievances about the hygiene or maintenance or job-context or contextual factors (Kreitner and Kinicki, 2004; Wehrich and Koontz, 2005).

The situation in the Nigerian banks with regard to how outsourcing affects outsourced workers is a mix of both “no job satisfaction” and “job dissatisfaction”. On the one hand, there are issues of recognition, advancement, stimulating jobs, achievement, etc, which are motivating factors, the absence of which leads to no job satisfaction on the part of the outsourced workers. On the other hand, there are also issues arising from outsourced workers' grievances about the hygiene factors (which are not motivators) that lead to job dissatisfaction prominent amongst which is job security. In the case of outsourced workers in the Nigerian banking industry, they do not have job security which results in job dissatisfaction (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

While Maslow and Herzberg examine the relationship between internal needs and the resulting effort expended to fulfil them, Vroom (1964) in his expectancy theory on motivation seeks to provide explanation as to why an individual chooses to behave in a

particular way as against alternative ways. The theory advocates that an employee is motivated when he believes that he can accomplish a particular task and the reward for performing the task is worth the effort expended. It is essentially a decision model; and because it is believed that a person's behaviour is controlled by some “forces”, the idea is to evaluate the motivational force behind a person's behaviour (Wehrich and Koontz, 2005). From this theory, it is evident that persons (whether they are core staff or outsourced staff) working in banks and are performing 'core' and sensitive bank tasks (web-based (online banking) /ATM card related, electronic funds transfers, customer deposits, and deposit withdrawals), could be “motivated” or driven to resort to socially unacceptable behaviours in the banks such as embarking on fraudulent practices. An assumption could be that the driving force behind the outsourced staff behaviour could be traced to their having to cushion the effect of poor salaries and to save for life after the job in the bank which does not guarantee job security.

### Empirical Studies

The study carried out by Olaoye and Dada (2014), on ten banks in Nigeria with the highest fraud and forgery cases, and the categories of staff involved, in the period 2005-2012, confirms the high incidence of fraud and forgery cases linked to contract or temporary staff. They observe that in 2005, there were 3 temporary staff or 0.79% of the total employees involved in frauds and forgeries in the banks. In 2006, 2007, 2008, 2009, 2010, 2011, and 2012, there were 50 temporary staff or 15.10%, 45 temporary staff or 16.48%, 70 temporary staff or 22.37%, 150 temporary staff or 22.87%, 33 temporary staff or 9.24%, 78 temporary staff or 15.66%, and 226 temporary staff or 42.56% respectively. Based on these

figures, they recommend that banks should provide adequate remuneration and reward for excellence and good conduct to deserving employees.

Besides, results from laboratory experimental research studies carried out on overpaid and underpaid employees on hourly or piecemeal basis also show that fraud cases are not unlikely in a situation where some employees are underpaid. There are experimental laboratory studies which extended the stream of research on overpaid and underpaid employees reported in the works of Veecho (1982) and Griffeth, Veecho, and Logan (1989), and examined the effect of underpayment on ethical behaviour. The results show that underpaid subjects in the study stole money to compensate for the underpayment (Greenberg, 1993).

### Methodology

The sample size was calculated using Raosoft sample size calculator. With a margin of error of 5%, confidence level of 95%, response distribution of 50%, and a population size assumed to be 20,000, the sample size was 377.

Multi-stage sampling was adopted in selecting this sample. First, using judgmental sampling technique, eight banks were selected from the 21 Deposit Money Banks in Nigeria. The banks are: First Bank of Nigeria Limited, Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc, First City Monument Bank Plc, Unity Bank Plc, and Zenith Bank Plc. These eight banks constitute a good representation of the banking industry in Nigeria because each of the banks has branches in the six geo-political zones in the country; namely, North West, North East, North Central, South West, South East and South South.

Second, the eight banks were divided into Lagos branches and up-country branches (branches outside Lagos). This is because almost all the 21 Deposit Money Banks in Nigeria have their Head Offices and high network of branches in Lagos which is the commercial nerve centre of the country. Third, the Lagos branches of the eight banks were stratified into Lagos Island, Lagos Mainland, Ikorodu, Epe, and Badagry branches.

Fourth, using quota sampling, out of the 377 sample, the Lagos branches of the banks were given equal allocation of quotas of 47, while the remaining one was allocated to First bank of Nigeria being the largest in size. In effect, First Bank of Nigeria Limited had 48 while Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc, First City Monument Bank Plc, Unity Bank Plc and Zenith Bank Plc had 47, 47, 47, 47, 47, 47 and 47 respectively. Fifth, the staff of the branches were stratified into core staff and outsourced staff. Sixth, the sample was drawn from the branches using simple random sampling.

Data was collected from primary source through the use of questionnaire. The questionnaire was formulated using Likert scale; and 101 copies were pre-tested using test-retest reliability which gave  $r_s = 0.90$ . Out of the 377 questionnaires sent by mail, 353 were returned fully completed, which represents 93.63% return rate.

### Data Analysis

As shown in Table 2, out of 353 respondents, 197 or 55.81% strongly agree and 53 or 15.01% agree that the exploitative salaries paid to outsourced staff increases their appetite to steal, but 58 or 16.43% and 33 or 9.35% disagree and strongly disagree respectively. The results also reveal that 204

or 57.79% strongly agree and 49 or 13.88% agree that the exposure of outsourced staff to sensitive core banking jobs increases the zeal to steal but 52 or 14.73% and 40 or 11.33% disagree and strongly disagree respectively. Also, 191 or 54.11% strongly agree and 60 or 17.00% agree that the need for the outsourced staff to save for 'tomorrow' increases the urge to steal; while 56 or 15.86% disagree and 37 or 10.48% strongly disagree. On the issue of the perception by the outsourced staff that the system is wicked to them hence the increase in the rate of fraud, 201 or 56.94% strongly agree and 57 or 16.15% agree; but 52 or 14.73% disagree and 32 or 9.06% strongly disagree. Furthermore, 205 or 58.07% also strongly agree and 44 or 12.47% agree that the fact that the outsourced staff are not employees of the banks makes it difficult for the banks to discipline them; while 53 or 15.01% disagree and 48 or 13.60% strongly disagree.

*Hypothesis: The job insecurity of outsourced staff significantly affects the increasing rate of fraud in the banking industry in Nigeria.*

Ho:  $u_1 < u_2$

H<sub>A</sub>:  $u_1 > u_2$

$Z_c = 6.08$

$Z_{10.05} = 1.645$

**Decision:** Reject Ho since  $Z_c = 6.08 > Z_t = 1.645$  at 0.05 level of significance using the critical value approach. Using the p-value approach, reject Ho  $p\text{-value} = 0.0002 < 0.05$ , and accept the alternative hypothesis that the job insecurity of outsourced staff significantly affects the increasing rate of fraud in the banking industry in Nigeria.

### Discussion of Findings

From the results of the study, the objective of this study which is to determine the effect of job insecurity on the part of outsourced

staff on the increasing rate of fraud in the banking industry in Nigeria has been achieved. In particular, payment of exploitative salaries, exposure of outsourced staff to sensitive core banking jobs, the need for the outsourced staff to save for 'tomorrow', the perception by the outsourced staff that the system is wicked to them, and the fact that the outsourced staff are not employees of the banks makes it difficult for the banks to discipline them, are the specific findings of the study. All these point to the fact that job insecurity is the driving force behind the frauds committed by the outsourced staff in the Nigerian banking industry.

These findings find support, and are entirely covered, in Cressy (1950)'s Fraud Triangle Theory (FTT); Wolfe and Hermanson (2004)'s Fraud Diamond Theory (FDT) and Sorinke (2016)'s Fraud Pyramid Model which have been articulated in the existing 'pressure-opportunity-rationalization-capability-personal ethics' paradigm. While the findings on payment of exploitative salaries, the need for the outsourced staff to save for 'tomorrow', the perception by the outsourced staff that the system is wicked to them, and the banks' inability to discipline the outsourced staff because they are not bank employees come under the "pressure" component of the existing theories on fraud, the finding on the exposure of outsourced staff to sensitive core banking jobs falls under the "opportunity" component.

Besides, the findings in the study are in line with the issues regarding how to be safe and secure which are at the deficiency level of safety needs in Maslow's hierarchy of needs. As Norwood (1999) posits, because of the low level of individuals at this level who are mainly assigned mechanical or physical tasks, the type of information sought by them is "helping information"

(how they can be assisted to be safe and secure) and not how to seek “edifying information” (how to develop one's ego) which are sought by individuals at the cognitive, aesthetic, and self-actualization levels.

However, the case of the job insecurity of these outsourced staff becomes clearer when we consider that some of them are graduates of universities, polytechnic and monotechnics, who are assigned, core banking jobs that require cognitive skills (Adenuga, 2006; Okafor, 2007; Kalejaiye, 2014). These are workers who should be majorly preoccupied with seeking “edifying information” that would enable them to excel on the core banking jobs to which they are assigned. Rather, they are more interested in obtaining “helping information” or even the lowest-level “coping information” that enables them to cope with the unpleasant situations they have found themselves. This could explain why they must learn new ways of committing fraud in such a way that they will not be caught. (Norwood, 1999).

The absence of Herzberg (1968)'s hygiene factors which, though not regarded as motivating factors, results in job dissatisfaction. In other words, these are issues regarding salary and job security which may not be relevant factors in motivating employees in the developed countries, but in Nigeria and most of the emerging economies, salary and job security are still major motivating factors. In addition, Vroom's expectancy theory lends significant support to these findings.

Furthermore, these findings are corroborated by laboratory experimental research studies carried out on overpaid and underpaid employees on hourly or piecemeal basis. Findings show that the

underpaid employees increased the quantity of their performance but the quality was reduced, while overpaid employees increased the quality of performance but the quantity was reduced (Veecho, 1982; Griffeth et al, 1989).

It is pertinent to observe also that these findings have shown support for some monumental questions and issues that some practitioners and researchers on outsourcing have been raising as to what benefits are derivable from adopting the strategy after all. For instance Lee, Huyah, Chi-wai and Pi (2000) express the views that most client companies have not been able to establish and manage relationships with their service providers. As a result, many researchers and practitioners have lost confidence that the strategy contributes to the performance of the client organizations. Besides, the focus of most of the existing studies have been from the point of view of the clients whose interests have been to maximise their internal resources through the service providers without also considering the situations of the service providers and the outsourced employees.

### **Conclusion and Recommendations**

From the study, Nigerian banks embraced outsourcing on a large-scale mainly because of the attraction of cost reduction. They, however, fail to see the dysfunctional aspect of outsourcing in the sense that as it is currently practiced, it creates an opportunity for the outsourced staff to commit fraud. There is job insecurity as shown in the payment of exploitative salaries which compels the outsourced staff to save for 'tomorrow'. There is also the perception on the part of the outsourced staff that the system is wicked to them. The finding on the exposure of outsourced staff to sensitive core banking jobs falls under the

“opportunity” component of the existing theories on fraud. Besides, the banks' inability to discipline the outsourced staff because they are not bank employees comes under the “pressure” component of the extant theories.

In the light of the foregoing observations, we recommend that the banks should:

(a) No longer have focus on the outsourcing strategy mainly from the point of view of reduction of operational costs alone. Nigerian banks should evolve appropriate human resource outsourcing strategies that would enable them to pursue side by side the twin issues of efficiency and effectiveness as ingredients of productivity; rather than focus only on cost reduction which majorly affects efficiency.

(b) Consider that it is not out of place to pay outsourced staff commensurate salaries with the core bank staff according to qualifications, expertise and experience even though they remain as outsourced staff. This will save them from the double trauma of humiliation and relegation associated with the tag of outsourced staff, on the one hand, and the payment of inequitable salaries, on the other. The fact that they are not regarded as bank staff no matter how long they work in the banks is already enough relegation.

© Realise that the outsourcing agencies, especially the external providers, also prey on the salaries of the outsourced staff. Nigerian banks should therefore be interested in the take home salaries of the outsourced staff as well as break the hegemony of the outsourcing agencies by ensuring that their full salaries are paid to them directly.

(d) Negotiate appropriate once-for-all “placement fees” with the service providers in respect of staff seconded to them. This will enable them to develop a more intimate relationship with their outsourced staff in

terms of payment of equitable salaries and guarantee of some level of job security.

(e) More importantly, ensure that the services of outsourced staff are restricted to non-core banking tasks so as not to create the “opportunity” for them to indulge in fraudulent practices. We have observed that apart from drivers, cleaners, and secretarial staff, most banks engage outsourced staff to do bulk counting, cashiering, and ATM related functions which are core banking jobs that are technically outside the coverage of outsourcing. Even the use of outsourced drivers for bullion activities (movement of cash from one location to another) is risky and should be discouraged. This is the way to prevent fraud on their part.

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# **The Evaluation of Human Resource Management (HRM) practices and organizational resilience in selected manufacturing firms in South East, Nigeria**

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## ***Abstract***

*The paper examined the human resource management (HRM) practices and organizational resilience in selected manufacturing firms in south east, Nigeria. The evolution of organization requires a lot of management flexibilities in Nigeria and proactive measures in catching up with the trends and tides. Two objectives on the nature and degree of relationship between organizational orientation and dynamic capacity and relationship between personnel out-sourcing and cost efficiency was raised with two research questions and hypotheses guided the study. A survey design, 157 firms, population size of 1225 with a drawn sample size of 554. Hypotheses were tested using one sample t-test, bivariate correlation and regression techniques. The Statistical Package for Social Sciences (SPSS) was also used in the analysis of data. Findings revealed that organizational orientation significantly correlate with organizational dynamic capacity and that personnel outsourcing with the other HRM components had a positive impact on cost efficiency and ultimately on the profitability of a firm. Recommendations were made along that line.*

**Key words: Resilience, Human Resource Management, Dynamic Capacity, Cost Efficiency**

## **Introduction**

Human Resource Management (HRM) practices involve a delegation of responsibility, such as team production; knowledge incentives, such as profit sharing, individual incentives and incentives for knowledge sharing; internal

communication, encouraged for instance by practices related to knowledge sharing or job rotation; employee training, both internal and external; and recruitment and retention, such as internal promotion policies. Resilience is a specific term used to define capacity of the organization to

respond positively and adaptively to any change (Nathan &Kovoor-Misra, 2002; Chadwick &Dabu, 2009; Kansas, 2009). Resilience does not only show ability to survive from any external distress, but also show capacity to adapt and learn. Neilson, Pasternack and Nuys (2005) suggest that organizational resilience was created from four organizational-basic buffers that consist of right to make decision, motivator, information, as well as lean and flexible organization structure. Those four essential elements of the organization work together to gain organization flexibility that leads to the organization performance in the future

The global economic crisis and the turbulent business environment in the wake of liberalization, globalization, changing technologies, growth in knowledge and advances in information technology are offering human resource managers a complex and challenging situation. The growing emphasis on privatization has warranted a new focus on human resource management practices and how these can promote organizational resilience, adaptive capacity, innovation, result orientation, long-term strategies, consumer focus, workforce planning, outsourcing and cost minimization (Rasmussen, Morsey& Wright, 2011; Shin, Taylor &Seo, 2012; O'Hare & White, 2013). There has been a renewed focus on .HRM practices and organizational resilience as a result of increasing global turbulence caused by economic-political crisis and natural disasters (Zawila-Niedzwiecki, 2010; Thach, 2012). Global estimates of the cost of crisis from natural disasters in 2011 conservatively put the total at around US\$366.1 billion (Thach, 2012). In addition, economic crisis such as the global recession have far-reaching consequences which can permeate all aspects of organizational, social and economic life (Carmeli&Markman, 2011).

There is a growing popularity, in recent years, of the concept of organizational resilience as an indispensable trait of an organization to overcome serious challenges (Sheffi, 2010; Chan, 2011). Organizational resilience is, therefore, the ability of an organization to adapt to the requirements of the surrounding environment and being able to effectively develop new capabilities to absorb and manage environmental variability (Coutu, 2002; Hamel &Valikangas, 2003; Lio and Lin, 2008). For an organization to be resilient it means that it can move quickly, decisively, and effectively in anticipating, initiating, and taking advantage of change. Over the past decade, the intense interest in organizational resilience has come from the assumption that the best-performing organization is one that moves the fastest and most effectively in identifying opportunities and avoiding major collisions in an increasingly fast-paced environment. The skills associated with resilience have a long and detailed history in management studies. HRM practices designed to promote resilience have concentrated on creating an openness to change, destroying barriers of all kinds that impede the flow of work, people, resources, and information, and assuring swift execution of strategy on a global scale (Goldman, Nagel & Preiss, 1995; Comfort, 1994; Brown &Eisenhardt, 1997; Dyer & Singh, 1998; Eisenhardt, Furr& Bingham, 2010).

The HRM has emerged and evolved as one of the most important areas of organizational science and practice. It has not been developed in isolation, but rather in the context of industrial change and economic development. The uniqueness of the HRM approach requires a totally different type of attention from managers. The HRM has characteristics that provide the greatest challenge as well as

opportunity. HRM practices determine the direction in which the organization is going in relation to its environment. It is the process of defining intentions (strategic intent) and allocating or matching resources to opportunities and needs (resource-based strategy), thus achieving strategic fit between them (McCann, 2004; Lalonde, 2007).

Manufacturing industry in Nigeria remains one of the most powerful engines for economic growth. It acts as a catalyst to transform the economic structure of countries, from simple, slow-growing and low-value activities to more productive activities that enjoy greater margins, are driven by technology, and have higher growth prospects. As the government tries to diversify the economy, it is working to reinvigorate the manufacturing sector so as to increase its contribution to Nigeria's prosperity. Lagos and its surroundings are home to about 60% of Nigeria's industrial base (Bureau of Public Enterprises, 2006). Other key industrial centres are Kano, Ibadan and Kaduna. Nigeria's most important manufacturing industries include beverages, cement, cigarettes, food processing, textiles and detergents. Manufacturing sector contributed 4.2% of GDP in 2009, up from 3.6% in 2008. Nigeria's most important manufacturing industries include beverages, cement, cigarettes, food processing, textiles and detergents. Manufacturing sector contributed 4.2% of GDP in 2009, up from 3.6% in 2008. The sector's contribution has changed little over the course of the decade. Even as industries like cement and beverages attract investment from home and abroad, other industries are closing up shop; between 2000 and 2010, more than 850 manufacturing companies either shut down or temporarily halted production. Capacity utilization in manufacturing is

around 53%.

The biggest problem facing manufacturers in Nigeria over the past decade has been inadequate infrastructure in general and lack of power supply in particular (BPE, 2006). The country set a target of generating 6,000 MW of electricity by the end of 2009, but estimated national demand is 25,000 MW. Manufacturers have mainly installed their own generators to compensate for spotty supply from the state – the manufacturing industry as a whole generates around 72% of its energy needs. But operating these generators greatly increases the cost of manufacturing goods, and the cost increase is passed on to the consumer, making it difficult for Nigerian goods to compete with cheaper imports. Against this background, the study examined the extent Human Resource Management (HRM) practices affect organizational resilience in selected manufacturing firms in South East, Nigeria.

### **Statement of the Problem**

Business environment in Nigeria ought to be stable with prices stable and predictable, cost of doing business being cheap. This was the situation in the past and firms operated at optimal levels and contributed very significantly to the growth of the Gross Domestic Product (GDP) of the country (Manufacturers Association of Nigeria, 2015). Today, business environment in Nigeria has become very unfriendly and the manufacturing sector in Nigeria is in crisis. The sector is faced with the challenges of unfavourable economic environment as evidenced by the continuous decline in manufacturing output over the last three decades. The growth rate of manufacturing output has continued to decline since the early 90s as a result of the poor state of infrastructure, especially, energy, increased cost of funds, multiplicity of taxes, weak

demand as a result of low purchasing power and trade malpractices (Manufacturers Association of Nigeria, 2015). To be competitive and survive under such environment requires resilience which could be developed through effective HRM practices. Indeed, over the past decade, a great deal has been written about HRM practices and the role it plays in organizational resilience. The world in which human resource managers exist and in which they interact, is continually changing, generating new issues and problems to solve. While in most cases, managers have a fair degree of choice about how to deal with new ideas and new sets of circumstances, the choices themselves are often difficult. The role of HRM in the long-term viability of any business is enormous and significant. Other resources such as financial, information, or physical are also essential but only human resources are virtually boundless in the potential impact on the organization. Rather unfortunately, this overwhelming and pervasive role of HRM in organizations appears to be compromised in Nigeria to the extent of misplacing its role in the achievement of organizational objectives. It is not surprising that the attention given to issues in HRM practices in Nigeria is less than satisfactory.

Several studies have been carried out in various jurisdictions and context on the effect of HRM practices on organization's performance but few empirical studies exist on HRM practices and organizational resilience especially in developing countries like Nigeria. It is expected that by exploring the relationship between HRM practices and organizational resilience, organizations can enhance their competitive advantage and effectiveness especially in a dynamic business environment. Given this important management research gap, it

becomes pertinent to examine the effect of HRM practices on organizational resilience of manufacturing firms in South East Nigeria.

### **Objectives of the Study**

- (i) Evaluate the nature and degree of relationship between organizational orientation and dynamic capacity.
- (ii) Establish the extent of relationship between personnel out-sourcing and cost efficiency of manufacturing firms in South East Nigeria.

### **Research Questions**

- (i) To what extent does organizational orientation relate with dynamic capacity?
- (ii) To what extent does personnel out-sourcing relate with cost efficiency of manufacturing firms in South East Nigeria?

### **Research Hypotheses**

- (i) Organizational orientation has significant positive relationship with dynamic capacity.
- (ii) Personnel out-sourcing have significant positive relationship with cost efficiency of manufacturing firms in South East Nigeria.

### **Review of Related Literature Overview of Human Resource Management (HRM)**

The term "human resource management" has been commonly used for the last ten to fifteen years. Armstrong (2006) defined HRM as "a strategic and coherent approach to the management of organization's most valued assets – the employees who individually and collectively contribute to the achievement of the objectives of the business." Abelson (1976) viewed HRM as involving all management decisions that affect the relationship between the organization and employees – its human resources

### **The Importance of HRM as a Source of Competitive Advantage**

In recent years, HRM have been recognized as an important source of sustained competitive advantage. Much of the human resources and theoretical and empirical work has been grounded in the resource-based view (RBV) of the firm (Barney, 1995). This theory maintains that in order to develop a sustainable competitive advantage, organization must create resource in a manner that is rare, non-imitable, and non-substitutable. Barney (1995), Pfeffer (1994), Aggestam (2006) and Alastir (2010) have argued that because the resources that have historically provided organizations with competitive advantage are easily and rapidly imitated, the human resources of the organization may be an extremely important source of sustained competitive advantage.

### **Staff Training and Organizational Learning**

The literature on organizational learning focuses on how organizations successfully acquire, share, and use knowledge to achieve organizational goals – in this case, organizational resilience. There is a strong emphasis for creating “knowledge for action”, not “knowledge for its own sake” (Beck, 2002). Further, it recognizes that organizations are a part of complex social systems, systems over which it is unlikely they can exert control. Another aspect of the pragmatic orientation is that learning organization theorists, unlike many of their academic counterparts, have also developed an array of techniques and tools for doing diagnostics, examining patterns of behaviour in organizations, and engaging in “transformative thinking” (Wycoff, 1995).

### **Personnel Outsourcing and Cost Efficiency**

The last two decades have underscored the

need for companies to be more resilient. The collapse of seemingly recession-proof industries ushered in a new, more volatile business environment and consequent caution on the part of organizations (Alastir, 2010). Companies have become more cost conscious and less willing to operate with large staffs that were once the norm. More nimble workforces comprised of increasingly varied combinations of part- and full-time workers and innovative solutions for managing them have become the vogue (Amah, 2010). Personnel or human resource (HR) outsourcing—the tasking of specific operations to outside providers—is the cornerstone of this trend. HR outsourcing is stronger and more multifaceted than ever. It enables companies to add and subtract staff quickly as their fortunes wax and wane, keep pace with skills requirements and move into new territories with the swiftness needed to take full advantage of growth opportunities and generally reduce personnel cost to the barest minimum (Amah & Baridan, 2012).

### **Human Resource Management Practices and Organizational Resilience**

The secret of long lived company is not the strong one but the most adaptive one (Kasali, 2007), the company that could adapt to any change. Because of having flexible feature to adapt to the external market change, the flexible company keeps its focus on adaptation to the related strategy (Neilson, 2008). Organizational resilience is an organization that keeps looking at the future and makes self-correction, anticipate any changes routinely and handle it in proactive way (Coombs, 1995).

Resilience (flexibility of the organization) is capacity of the organization to respond positively or adaptively to any disturbing change (Coombs & Holladay, 1996).

Resilience does not only show ability to survive from external distress, but also show capacity to adapt and learn (Coombs & Holladay, 2002; Coombs, 2004).

### **Theoretical Framework Adaptability Theory of Organizational Resilience**

The theory was used for this study using the four dimensions below. Here, adaptive capacity refers to the ability of a system (social or ecological) to adapt to change and respond to disturbances. A number of authors have expanded on this basic concept. For example, Walker (2002) defined adaptive capacity as an aspect of capability that reflects learning, flexibility to experiment and adopt novel solutions, and development of generalized responses to broad classes of challenges. Meyer and Davis (2003) describe adaptive capacity as an attribute of socio-ecological systems that permits coping with disturbance and change while retraining critical functions, structures and feedback mechanisms. Likewise, Milgrom and Roberts (1995) defined adaptive capacity as the 'ability of a system to evolve in order to accommodate perturbations or to expand the range of variability within which it can cope'. We elaborate the concept and identify four dimensions of adaptive capacity:

- a) learning to live with uncertainty and change by allowing and/or encouraging small scale disturbance events before there is a buildup of pressures leading inevitably, to some sort of collapse;
- b) supporting and promoting diversity and highlighting the positive connection between diversity and redundancy (Mintzberg, 1989)
- c) combining different types of knowledge; and
- d) maintaining opportunities for self-organization in the direction of sustainability.

The four dimensions are inter-related. For purpose of the organizational resilience discussion, it is essential to recognize the importance of positive response to change that emerges out of organization's response to crises and adversity.

Even the best companies with winning track records deal with slips, surprises, and disruptions, it is how they respond to setbacks that determines their success. No matter what the nature of the change, the difference between winning and losing companies is their resilience, how they handle bouncing back from low points. From science, resilience is described as the characteristic of a substance or object that allows it to bounce back to its original shape after being stretched or pulled or somehow impacted by external forces. From psychology and sociology, it is described as the human capacity to remain both flexible and strong in the midst of ambiguity, stress, and change. Resilient people are able to remain calm in unpredictable environments, maintain their balance while being adaptive, and spring back quickly after being subjected to the stresses of change (Viskalgas, 2010). The major tenets of the theory align with objective one of the study which focused on the effect of workforce planning on adaptive capacity of organizations.

The essence of management is coping with change (Chakravarthy, 1982). Understanding how organizations overcome significant adversity and function adaptively has captured the imagination and interest of entrepreneurs and scholars throughout the ages. The incorporation of resilience perspective into the study of organizational adaptation will result in a more sophisticated and comprehensive portrayal of this phenomenon that will seen to advance the scientific knowledge of organizational adaptation and so help organizational resilience in the face of

adversity and trauma. This theory underpins the broad objective of the study which focused on the effect of HRM practices on organizational resilience.

### Methodology

The study used the survey design. The population of the study comprised 156 manufacturing firms in the 5 States of the South East Nigeria registered by the Manufacturers Association of Nigeria as at 2014 (MAN, 2015). 23 manufacturing firms were randomly selected through multi-stage approach for the study giving a total of 1,225. A sample size of 554 was derived using Fruned and Williams's statistical method. The questionnaire and oral interviews were structured to address the objectives of the study. The

questionnaire was designed on 5-point Likert Scale and was categorized into two parts for analytical purpose only. Reliability test recorded 0.857 using Pearson Product Moment Correlation Coefficient. The research hypotheses were tested using one sample t-test, bivariate correlation and regression techniques. Cohen's standard was used to evaluate the correlation coefficient to determine the strength of the relationship, or the effect size, where coefficients between .10 and .29 represent a small association; coefficients between .30 and .49 represent a medium association; and coefficients above .50 represent a large associate or relationship. The Statistical Package for Social Sciences (SPSS) was also used in the analysis of data.

### Data Presentation

Objective One: to evaluate the nature and degree of relationship between organizational orientation and dynamic capacity of manufacturing firms in South Eastern Nigeria

**Table 1.0 Organizational orientation promotes the wellbeing of staff thereby boosting their productivity**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	88	17.5	17.5	17.5
Agree	340	67.5	67.5	85.0
Undecided	21	4.2	4.2	89.2
Disagree	50	9.8	9.8	99.0
Strongly Disagree	5	1.0	1.0	100
Total	504	100	100	

*Source: Field Data, 2017(computed with SPSS software)*

Results from Table 1.0 show that 88 or approximately 18 percent of the respondents strongly agreed that organizational orientation promotes the wellbeing of staff thereby boosting their productivity. This view was supported by 340 or nearly 68 percent of the respondents. However, 21 or 4.2 percent of the respondents were undecided while 50 or nearly 10 percent of the respondents

disagreed with this view. Moreover, 5 or 1 percent of the respondents strongly disagreed that organizational orientation promotes the wellbeing of staff thereby boosting their productivity. From this result, we can conclude that organizational orientation promoted the wellbeing of staff thereby boosting their productivity in manufacturing firms in South East Nigeria.

**Table 1.2 Organizational orientation promotes the belongingness of staff thereby increasing their commitment to the organization**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	172	34.1	34.1	34.1
Agree	205	40.7	40.7	74.8
Undecided	43	8.5	8.5	83.3
Disagree	50	10.0	10.0	93.3
Strongly Disagree	34	6.7	6.7	100
Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Results from Table 1.2 show that 172 or 34.1 percent of the respondents strongly agreed that organizational orientation promotes the belongingness of staff thereby increasing their commitment to the organization. This view was supported by 205 or approximately 41 percent of the respondents. 43 or 8.5 percent of the respondents could not express an opinion on the subject while 50 or 10 percent of the respondents disagreed with the notion that organizational orientation promotes the

belongingness of staff thereby increasing their commitment to the organization. This was supported by 34 or nearly 7 percent of the respondents who strongly disagreed that organizational orientation promote the belongingness of staff thereby increasing their commitment to the organization. We could conclude from the result that organizational orientation promoted the belongingness of staff thereby increasing their commitment to the organization in manufacturing firms in South East, Nigeria.

**Table 1.3 Organization orientation promote the internalization (value congruence) of the organization by members of staff of manufacturing firms in South East Nigeria**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	182	36.1	36.1	36.1
Agree	296	58.7	58.7	94.8
Undecided	0	0	0	94.8
Disagree	26	5.2	5.2	100
Strongly Disagree	0	0	0	100
Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Table 1.3 shows that 182 or approximately 36 percent of the respondents strongly agreed that organizational orientation promotes the internalization (value congruence) of the organization by members of staff. This view was supported by 296 or approximately 59 percent of the respondents. However, 26 of the respondents, accounting for 5.2 percent of

the respondents disagreed with the assertion that organizational orientation promotes the internalization (value congruence) of the organization by members of staff. Based on this result, we conclude that organizational orientation promoted the internalization (value congruence) of the organization by members of staff.



**Table 1.4 Organizational orientation promotes the acceptance of difficult tasks by staff because of sense of wellbeing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	102	20.2	20.2	20.2
Agree	288	57.2	57.2	77.4
Undecided	43	8.5	8.5	85.9
Disagree	61	12.1	12.1	98.0
Strongly Disagree	10	2.0	2.0	100
Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Table 1.4 shows that 102 or 20.2 percent of the respondents strongly agreed that organizational orientation promotes the acceptance of difficult tasks by staff because of sense of wellbeing. 288 or approximately 57 percent of the respondents supported this notion while 43 were undecided on the subject. However, 61 or 12.1 percent of the respondents

disagreed while 10 or 2 percent of the respondents strongly disagreed that organizational orientation promotes the acceptance of difficult tasks by staff because of sense of wellbeing. We can therefore, conclude from the result that organizational orientation promoted the acceptance of difficult tasks by staff because of sense of wellbeing.

**Table 1.4 Organization orientation minimizes absenteeism among members of staff of manufacturing firms in South East Nigeria**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	176	34.9	34.9	34.9
Agree	299	59.3	59.3	94.2
Undecided	0	0	0	94.2
Disagree	17	3.4	3.4	97.6
Strongly Disagree	12	2.4	2.4	100
Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Table 1.5 shows that 176 or approximately 35 percent of the respondents strongly agreed that organizational orientation minimize absenteeism among members of staff. 299 or 59.3 percent of the respondents agreed with this view. However, 17 or 3.4 percent of the respondents disagreed with the notion that organizational orientation minimizes absenteeism among members of

staff. 12 or 2.4 percent of the respondents also strongly disagreed that organizational orientation minimizes absenteeism among members of staff. From this result, we can conclude that organizational orientation minimized absenteeism among members of staff of manufacturing firms in South East Nigeria.

**Objective Two:**

**To establish the extent of relationship between personnel out-sourcing and cost efficiency of manufacturing firms in South East Nigeria**

**Table 2.1 Personnel outsourcing promotes organization's core competences leading to cost efficiency of manufacturing firms in South East Nigeria**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	101	20.0	20.0	20.0
	Agree	346	68.7	68.7	88.7
	Undecided	32	6.3	6.3	95.0
	Disagree	20	4.0	4.0	99.0
	Strongly Disagree	5	1.0	1.0	100
	Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Table 2.1 shows that 101 or 20 percent of the respondents strongly agreed that personnel outsourcing promote organization's core competencies leading to cost efficiency. This view was supported by 346 or approximately 69 percent of the respondents. 32 or 6.3 percent of the respondents did not express an opinion on the matter. However, 20 or 4 percent of the respondents disagreed with the notion that

personnel outsourcing promote organization's core competencies leading to cost efficiency. This latter view was supported by 5 or 1 percent of the respondents. We conclude, based on the findings that personnel outsourcing promoted organization's core competencies leading to cost efficiency of manufacturing firms in South East Nigeria.

**Table 2.2 Personnel outsourcing has positive link with higher quality of products and services of manufacturing firms in South East Nigeria**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	95	18.8	18.8	18.8
	Agree	288	57.2	57.2	76.0
	Undecided	82	16.3	16.3	92.3
	Disagree	39	7.7	7.7	100
	Strongly Disagree	0	0	0	100
	Total	504	100	100	

Source: Field Data, 2017 (computed with SPSS software)

Table 2.2 shows that 95 or approximately 19 percent of the respondents strongly agreed that personnel outsourcing has positive link with higher quality of products and services. This view was supported by 288 or 57.2 percent of the respondents. 82 or 16.3 percent of the respondents were undecided on the matter. However, 39 or

approximately 8 percent of the respondents disagreed that personnel outsourcing has positive link with higher quality of products and services. From the result, we can conclude that personnel outsourcing had positive link with higher quality of products and services of manufacturing firms in South East Nigeria

**Table 2.3 Personnel outsourcing leads to reduction of internal and external supply cost of manufacturing firms in South East Nigeria**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	133	26.4	26.4	26.4
Agree	275	54.6	54.6	81.0
Undecided	13	2.6	2.6	83.6
Disagree	51	10.1	10.1	93.7
Strongly Disagree	32	6.3	6.3	100
Total	504	100	100	

*Source: Field Data, 2017 (computed with SPSS software)*

Table 2.3 shows that 133 or 26.4 percent of the respondents strongly agreed that personnel outsourcing leads to reduction of internal and external supply cost. 275 or approximately 55 percent of the respondents were in agreement that personnel outsourcing leads to reduction of internal and external supply cost. 13 or approximately 3 percent of the respondents were undecided. However, 51 or 10.1

percent of the respondents disagreed while 32 or 6.3 percent of the respondents strongly disagreed with the view that personnel outsourcing leads to reduction of internal and external supply cost. Based on the findings, we conclude that personnel outsourcing led to reduction of internal and external supply cost of manufacturing firms in South East Nigeria.

**Table 2.4 Personnel outsourcing has significant positive relationship with the ability of an organization to develop specialized capability to withstand business turbulence**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	88	17.5	17.5	17.5
Agree	254	50.4	50.4	67.9
Undecided	67	13.3	13.3	81.2
Disagree	65	12.8	12.8	94.0
Strongly Disagree	30	6.0	6.0	100
Total	504	100	100	

*Source: Field Data, 2017 (computed with SPSS software)*

Table 2.4 shows that 88, or approximately 18 percent of the total respondents, strongly agreed that personnel's outsourcing has significant positive relationship with the ability of an organization to develop specialized capability to withstand business turbulence. This view was supported by 254 or 50.4 percent of the respondents. 67 or 13.3 percent of the respondents were undecided on the matter. However, 65 or approximately 13 percent of the

respondents disagreed while 30 or 6 percent of the respondents strongly disagreed that personnel outsourcing has significant positive relationship with the ability of an organization to develop specialized capability to withstand business turbulence. We can conclude, based on this finding, that personnel outsourcing had significant positive relationship with the ability of an organization to develop specialized capability to withstand business turbulence.

**Table 2.5 Personnel outsourcing has significant positive relationship with the ability of an organization to recruit staff with an up-to-date skills and technical abilities at a lower cost**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	179	35.5	35.5
	Agree	202	40.1	75.6
	Undecided	32	6.3	81.9
	Disagree	60	11.9	93.8
	Strongly Disagree	31	6.2	100
	Total	504	100	100

Source: Field Data, 2017 (computed with SPSS software)

Table 2.5 shows that 179 or approximately 36 percent of the respondents strongly agreed that personnel outsourcing has significant positive relationship with the ability of an organization to recruit staff with an up-to-date skills and technical abilities at a lower cost than would have been possible. 202 or 40.1 percent of the respondents supported this proposition while 32 or 6.3 percent of the respondents were undecided. However, 60 or nearly 12 percent of the respondents disagreed with the view that personnel outsourcing has significant positive relationship with the ability of an organization to recruit staff with an up-to-date skills and technical abilities at a lower cost. This view was strongly supported by 31 or 6.2 percent of the respondents. We can conclude from the result that personnel outsourcing had significant positive relationship with the

ability of an organization to recruit staff with an up-to-date skills and technical abilities at a lower cost especially for manufacturing firms in South East Nigeria.

**Test of Hypotheses**

**Hypothesis One:**

Organizational orientation has significant positive relationship with organizational dynamic capacity of manufacturing firms in South Eastern Nigeria

The mean responses and the standard deviations for the questions in Tables below administered to achieve objective one were considered relevant for testing hypothesis one. Employing the inferential T-test statistics using the Special Package for Social Science (SPSS), the result is presented below:

**t-Test Result:**

**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
MeanRes p	504	4.1659	.26431	.13216

**One-Sample Test**

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
MeanRes p	2.1318	5	.000	4.16592	3.7453	4.5865

**Decision Rule:** The decision rule on t-test of significance is to reject the null hypothesis and accept the alternative hypothesis if the critical t-value is less than the computed t-value, and accept the null if otherwise.

Hence, testing the above hypothesis at 95% confidence interval and 5 degree of freedom, the computed t-value of 2.1318 was derived. Comparing the result with the tabulated t-value of 1.523, the null hypothesis is thus rejected. We therefore conclude that: organizational orientation had significant positive relationship with organizational dynamic capacity of manufacturing firms in South Eastern Nigeria. This result is significant as two-tailed Sig. is  $0.000 < 0.05$ .

**Hypothesis Two:**

Personnel out-sourcing has significant positive relationship with cost efficiency of

manufacturing firms in South Eastern Nigeria.

**Decision Rule**

Cohen's standard will be used to evaluate the correlation coefficient to determine the strength of the relationship, or the effect size, where coefficients between .10 and .29 represent a small association; coefficients between .30 and .49 represent a medium association; and coefficients above .50 represent a large associate or relationship (Bobko, 2001; Chen & Popovich, 2002). The Statistical Package for Social Sciences (SPSS) was used in the analysis of data.

The mean responses and the standard deviations for the questions in Tables below)administered to achieve objective five were considered relevant for testing hypothesis five. The Pearson Product Moment Correlation coefficient is presented below:

**Pearson Product Moment Correlation for Hypothesis 2**

**Correlations**

		Personnel Outsourcing	Cost Efficiency
Personnel Outsourcing	Pearson Correlation	1	.721 **
	Sig. (2-tailed)		.000
	N	504	504
Cost Efficiency	Pearson Correlation	.721 **	1
	Sig. (2-tailed)	.000	
	N	504	504

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

From the above computed estimation, the calculated correlation coefficient is 0.721. This is greater than the critical table value of 0.025 at 90% confidence level. Therefore, the null hypothesis is rejected, and alternative hypothesis accepted accordingly. This result is significant as asymp. Sig is  $0.000 < 0.05$ . Hence, we accept that personnel out-sourcing had significant positive relationship with cost

efficiency of manufacturing firms in South Eastern Nigeria.

**Hypothesis One:**

Organizational orientation has significant positive relationship with organizational dynamic capacity of manufacturing firms in South Eastern Nigeria

The mean responses and the standard deviations for the questions in Tables above administered to achieve objective four were considered relevant for testing hypothesis

four. Employing the inferencial T-test statistics using the Special Package for Social Science (SPSS), the result is presented below.

**T-Test Result:  
One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean		
Mean Resp	504	4.1659	.26431	.13216	<b>One-Sample Test</b>	
	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Mean Resp	2.1318	5	.000	4.16592	3.7453	4.5865

**Decision Rule:** The decision rule on t-test of significance is to reject the null hypothesis and accept the alternative hypothesis if the critical t-value is less than the computed t-value, and accept the null if otherwise.

Hence, testing the above hypothesis at 95% confidence interval and 5 degree of freedom, the computed t-value of 2.1318 was derived. Comparing the result with the tabulated t-value of 1.523, the null hypothesis is thus rejected. We therefore conclude that: organizational orientation had significant positive relationship with organizational dynamic capacity of manufacturing firms in South Eastern Nigeria. This result is significant as two-tailedSig. is  $0.000 < 0.05$ .

**Hypothesis Two** Personnel out-sourcing have significant positive relationship with

cost efficiency of manufacturing firms in South Eastern Nigeria.

**Decision Rule**

Cohen's standard will be used to evaluate the correlation coefficient to determine the strength of the relationship, or the effect size, where coefficients between .10 and .29 represent a small association; coefficients between .30 and .49 represent a medium association; and coefficients above .50 represent a large associate or relationship (Bobko, 2001; Chen & Popovich, 2002). The Statistical Package for Social Sciences (SPSS) was used in the analysis of data.

The mean responses and the standard deviations for the questions in Tables earlier administered to achieve objective two were considered relevant for testing hypothesis two. The Pearson Product Moment Correlation coefficient is presented below:

## Pearson Product Moment Correlation for Hypothesis

### Correlations

		Personnel Outsourcing	Cost Efficiency
Personnel Outsourcing	Pearson Correlation	1	.721 **
	Sig. (2-tailed)		.000
	N	504	504
Cost Efficiency	Pearson Correlation	.721 **	1
	Sig. (2-tailed)	.000	
	N	504	504

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

From the above computed estimation, the calculated correlation coefficient is 0.721. This is greater than the critical table value of 0.025 at 90% confidence level. Therefore, the null hypothesis is rejected, and alternative hypothesis accepted accordingly. This result is significant as asymp. Sig is  $0.000 < 0.05$ . Hence, we accept that personnel out-sourcing had significant positive relationship with cost efficiency of manufacturing firms in South Eastern Nigeria.

### Discussion of Results

#### Research Objective One:

To evaluate the nature and degree of relationship between organizational orientation and organizational dynamic capacity of manufacturing firms in South East Nigeria.

#### Outcome of the Research Analyses:

The result of the field survey showed that 340 or approximately 36% of the respondents strongly agreed that organizational orientation promotes the wellbeing of staff thereby boosting their productivity. 205 or 41% of the respondents strongly agreed that organizational orientation promotes the belongingness of staff thereby increasing their commitment to their organization. Moreover, the study shows that 296 or 59% of the respondents strongly agreed that organizational

orientation promotes the internalization (value congruence) of the organization by members of staff. 288 or 57% of the respondents strongly agreed that organizational orientation promotes the acceptance of difficult task by staff because of sense of wellbeing. Finally, 305 or 68% of the respondents strongly agreed that organizational orientation minimizes absenteeism among members of staff. Consequently, the finding showed that organizational orientation had positive significant relationship with organizational dynamic capacity.

This finding is supported by the t-statistics. The computed t-value of 2.1318 was derived when the null hypothesis was tested at 95% confidence interval and 5 degree of freedom. Comparing the result with the tabulated t-value of 1.523, the null hypothesis was thus rejected. This result is significant as two-tailedSig. is  $0.000 < 0.05$ .The result thus, showed that organizational orientation had positive significant relationship with organizational dynamic capacity of manufacturing firms in South Eastern Nigeria.

The finding of this study is in agreement with findings of the study conducted by Lingard and Lin (2004), which showed that organizational orientation significantly correlate with organizational dynamic

capacity and Holsson, Folke and Hohn (2004) which observed that organizational orientation had direct positive relationship with organizational dynamic capacity and higher productivity. Finally, the result of the study also corroborated that of Aguire (2012) that organizational orientation especially the decision making process had a positive influence on organizational dynamic capacity.

### **Research Objective Two:**

To establish the extent of relationship between personnel outsourcing and cost efficiency of manufacturing firms in South East Nigeria.

### **Outcome of the Research Analyses:**

The result of study showed that 346 or 69% of the respondents strongly agreed that personnel outsourcing promotes organizational core competencies leading to cost efficiency. 288 or 57% of the respondents strongly agreed that personnel outsourcing has positive link with higher quality of products and services. 275 or 55% of the respondents strongly agreed that personnel outsourcing leads to reduction of internal and external cost of personnel while 344 or 50.4% of the respondents strongly agreed that personnel outsourcing has significant relationship with the ability of an organization to develop specialized capability to withstand business turbulence. Finally, the survey showed that 298 or 52% of the respondents strongly agreed that personnel outsourcing has significant relationship with the ability of an organization to recruit staff with an up-to-date skills and technical abilities at a lower cost than would have been possible without outsourcing. Consequently, the study showed that personnel outsourcing promoted cost efficiency of manufacturing firms in South East Nigeria.

This result is supported by inferential statistics. Applying the Cohen's standard to evaluate the correlation coefficient to determine the strength of the relationship, or the effect size, where coefficients between .10 and .29 represent a small association; coefficients between .30 and .49 represent a medium association; and coefficients above .50 represent a large association or relationship. The calculated correlation coefficient was 71.1. This is greater than the critical table value of 9.925 at 90% confidence level leading to the rejection of null hypothesis and acceptance of alternative hypothesis. This result is significant as  $\text{asympt. Sig} = 0.000 < 0.05$ . Consequently, the result showed that personnel out-sourcing had significant positive relationship with cost efficiency of manufacturing firms in South Eastern Nigeria.

The finding of this study is in line with findings of study by David (2002) which showed that personnel outsourcing with the other HRM components had a positive impact on cost efficiency and ultimately on the profitability of a firm. The finding also corroborated the findings of studies by Chakvarathy (2012) which showed that that outsourcing had positive and significant impact on cost reduction in all the firms sampled in the study; and Singh (2013) which found a significant relationship between the two HR practices, namely, training and compensation, and personnel outsourcing and profitability of firms.

### **Conclusion**

Based on the above findings, the study concludes that Human Resource Management (HRM) practices play a major role in organizational resilience. HRM practices are based on the recognition that organizations can be more effective if their human resources are managed to deliver the



right number of people with the appropriate behaviors, the needed competencies and the necessary level of motivation to the organization.

### Recommendations

In view of the findings of the study, the following recommendations were made:

1. Nigerian manufacturing firms should focus on managing carefully their human resources and other organizational resources in response to the dynamic and potentially disruptive environmental changes occasioned by economic, political and other crisis in the country. They can do this through a carefully implemented HRM policy that contains specific policies on selection, recruitment, training, motivation, reward, out-sourcing and other key HRM practices. It is sad to note that most manufacturing firms in Nigeria do not have any well-thought out policy on HRM and their approach to HRM practice is at best haphazard.
2. There is need for manufacturing firms in Nigeria to develop capacity and practices to manage resilience. They can do this through regular trainings and staff development. Organizational resilience can be seen as a cultural change and hence, staff trainings and development should support these changes in behaviors and structures.
3. There is need for manufacturing firms in Nigeria to understand the importance of setting key performance indicators (KPIs) , expectations for required behaviors for risk and threat management in their organizations and synchronize their mission statements with the performance indicators..
4. There is need for manufacturing firms in Nigeria to institute a HRM policy that will enable them creatively

out-sourced their non-core personnel requirements. This approach should form part of their workforce planning strategy. The last two decades have underscored the need for organizational resilience.

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# The Dehumanising Side of Human Resource Outsourcing and the Work Attitudes of Outsourced Workers in the Post-Consolidation Banking Industry in Nigeria

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## **Abstract**

*The study looks at the human side of the application of the outsourcing strategy in the post-consolidation banking industry in Nigeria where most of the jobs have been outsourced to subsidiary companies of the banks or external service providers. Six banks were used for the study selected through simple random sampling from the 21 Deposit Money Banks in Nigeria. Through Raosoft sample size calculator, the population size was assumed to be 20,000 giving rise to a sample size of 377. The selection of the sample was done through multi-stage sampling. First, the six banks were divided into Lagos branches and up-country branches (branches outside Lagos) because almost all the 21 Deposit Money Banks in Nigeria have their Head Offices and a high network of branches in Lagos which is the commercial nerve centre of the country. Second, the study focused on the Lagos branches of the six banks which were stratified into Lagos Island, Lagos Mainland, Ikorodu, Epe and Badagry branches. Third, through quota sampling, the six banks; namely, First Bank of Nigeria Limited, Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc and Zenith Bank Plc, were allocated quotas 67, 62, 62, 62, 62, and 62 respectively made up of core staff and outsourced staff. Fourth, the sample was drawn using simple random sampling. Out of the 377 copies of the questionnaire sent out, 357 respondents returned theirs fully completed. The results of the study show that: (1) payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the post-consolidation banks to which they are deployed, and (2) payment of inequitable salaries and no fringe benefits to the outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed.*

**Key words:** Inequitable salaries, fringe benefits, employee attitudes, employee commitment, interpersonal relationships, corporate goals, motivation, outsourcing, outsourced staff, post-consolidation banking industry.

## Introduction

Generally, the overall idea behind outsourcing as a business intervention strategy is for a firm to subcontract or delegate its human resource functions or 'non-core' business activities to an external service provider or a third party to enable the firm to concentrate on its 'core' business activities (Mahmud, Mohammed and Chowdbury, 2012). Specifically, human resource outsourcing is the contracting out some of a firm's human resource requirements to outside vendors or external service providers to enable the firm to concentrate on its "core" business areas as opposed to the firm producing its products or providing its services using employees within the firm (Noe, Hollenbeck, Gergart and Wright, 2003). From a legal angle, outsourcing involves a transferor and a transferee (Schuman, 2006)

Viewed from a global perspective, the use of human resource outsourcing has loomed large in most countries as full-time employment is giving way to the adoption by employers of labour of various types of non-standard work arrangements (NSWA), including flexible workforce and working hours, to cushion the effects of Structural Adjustment Programmes, job losses, and other global economic and political challenges faced by the countries of the world especially in the face of the global economic recession (Fapohunda, 2012).

From a local perspective, outsourcing as a strategy for managing people, has been adopted by most Nigerian firms to relieve them of having to take full responsibility for attracting and retaining their human resource (HR) as well as their welfare, by transferring those functions to external service providers who provide them with some unskilled workers and skilled professionals hired by them. Even small

business owners and managers who were hitherto scared of adopting the strategy either because of its complex nature or lack of proper understanding of the benefits derivable from it have embraced it having discovered that there is some value derivable from the strategy (Sonfield, 2014). The external providers could be subsidiaries of the firms and/or some external service providers. Thus, the people seconded to work in client firms are employees of the service providers, not of the client firms (Schaffhauser, 2005). This partly explains why outsourcing of non-core functions is nowadays seen as smart management; many companies, including established and emerging companies, have embraced the strategy (Houseman, 2007).

In the Nigerian banking industry, the idea is that the client banks are able to leverage on outsourcing to focus on their core business activities. As financial intermediaries and managers of depositors' funds, it also helps them to reduce and manage operating costs. Thus, for them, it serves as a cost-saving strategy as it is considered more affordable to purchase such services from other firms with comparative advantage than to produce them internally. Outsourcing is therefore a strategy the banks adopted post-consolidation to reduce operational costs and to complement the employees hired directly by them instead of engaging all their employees by themselves in the midst of the stiff competition in the rather unpredictable micro and macro environments (Houseman, 2007).

Prior to the consolidation exercise of 2004/2005 in the banking industry in Nigeria, most banks had become technically insolvent. The consolidation of banks was therefore to strengthen the banks' competitive and operational capabilities with a view to returning public confidence

to the banking sector (Enyi, 2007). Following the stiff competition that came in the wake of the consolidation exercise, the banks embraced the use of modern technology thereby leading to rightsizing, downsizing and delayering (Soludo, 2004; Oviemuno, 2006; Onagoruwa, 2008). With the use of the Automated Teller Machine (ATM) system, the public sensitization, and bank customers' reorientation towards a cashless economy, fewer hands were required by the banks, as most of the jobs hitherto done by human beings had been taken over by machines. Consequently, some of the full-time employees were forced to disengage; and most banks had to adopt on a large scale the human resource outsourcing strategy which had existed on a small scale in the banks prior to the consolidation exercise. Of course, the banks were unwilling to recruit their own employees on full-time thereby relying heavily on service providers (Fapohunda, 2012).

However, it has been observed that in spite of the banks' increased annual profits, the strategy has been extended to the core bank tasks instead of restricting it to the non-core business operations of the banks to enable them to concentrate on their core business areas. For instance, the banks have extended its application to the core banking operations of customer care, cashiering (Teller), marketing, funds processing and transfer, and even bulk counting, etc (The Nation, 2015). As a result, there have been broadly two categories of workers in the banking industry in Nigeria today: (1) employees hired directly by the banks on permanent basis, and (2) workers hired by service providers, some of which are subsidiaries of the banks. The outsourced workers are seconded to the banks by service providers based on contracts between them and the banks. The situation

will be brought into proper perspective when we consider the ratio of outsourced workers to permanent staff in the industry. Incidentally, the outsourced workers are by far more in number than the core bank staff. In a study carried out by Fapohunda (2012) on five banks in Nigeria, namely, Guaranty Trust Bank Plc, Zenith Bank Plc, United Bank for Africa Plc, Skye Bank Plc, and First Bank of Nigeria Limited, the core employees were 358 or 14.1%, 325 or 16.2%, 595 or 15.8%, 264 or 16.0% and 1,830 or 30.0% while the outsourced workers were 2,180 or 85.9%, 1,680 or 83.8%, 3,178 or 84.2%, 1,376 or 84.0% and 4,270 or 70.0% respectively.

While the group hired directly by the banks have good conditions of service based on Collective Agreements between the banks and the workers' unions, the ones hired by service providers have no conditions of service. Besides, even within the group hired directly by the banks, there is a subgroup whose members come in as temporary or casual staff with the intention that they could be converted to permanent staff based on availability of vacancies and satisfactory performance. Their situation is more like those seconded from service providers as they are not also covered by the Collective Agreements. At the moment, most of the banks have converted some workers in this category to permanent staff as a result of pressure from the workers' unions or sent them to their subsidiaries who act as service providers (Okafor, 2007; Fapohunda, 2012).

A careful observer would therefore be able to discern that the banks have employees in their banking halls that are dichotomized into various categories with nomenclatures of 'core' employees, 'contract' staff, 'temporary' employees, and 'casual' staff some of who remain so designated for

between five and ten years without being converted into permanent establishment. As a result, in the banking industry in Nigeria, the concept of outsourcing has been applied interchangeably with the concepts of 'casualization', 'temporary employment', 'sub-contracting', 'contract employment', 'part-time employment', etc, through the use of service providers (Fapohunda, 2012). For instance, casual labour as originally known before the current application is work for periods usually during the peak periods when people are hired to supplement full-time employees (Bodibe, 2007); while from a legal angle, it is applicable to workers engaged for a period not exceeding six months and who are regarded as daily-paid (O'Donnell, 2004).

Nowadays, the temporary or casual or outsourced workers work for years, yet they are not entitled to rights (such as rights to notice, severance pay, etc) and benefits (such as medical allowances, paid annual leave, sick leave, etc) and they suffer abysmally low salaries, no job security, no promotion, no Collective Agreements, etc (Fapohunda, 2012). As a result of the dehumanisation of the outsourced staff, there has been an unresolved standing conflict between the banks and the umbrella bodies of the workers' unions, which had in some occasions resulted in the use of strikes and picketing by the workers' unions (Fajana, 2000).

### 1.1 Problem Statement

Much as outsourcing has assumed a global dimension, we have observed that there are some monumental questions which remain unanswered as to whether the often talked about benefits derivable by both parties (the client banks and the service providers) from adopting the strategy have made any positive impact on the outsourced employees who are drawn from the large

reserved army of unemployed. Besides, some scholars have arguably posited that outsourcing also improves employee relations; but it is noteworthy that, to the best of our knowledge, there has been no serious focus on the interpersonal relationships between the core employees and the seconded employees. Are there overt and covert conflicts as they work side by side in the face of obvious disparities in salaries, even when some of the outsourced staff perform similar tasks with the core bank staff?

The focus of this paper therefore is to assess how payment of inequitable salaries which falls within the purview of job satisfaction has affected interpersonal relationships between the core employees and the outsourced staff; and how payment of inequitable salaries and fringe benefits to outsourced staff affects their commitment to achievement of corporate goals of the banks.

### Research Objectives

It is intended that this study will achieve the following objectives:

1. To determine the effect payment of inequitable salaries and fringe benefits to outsourced staff has on their interpersonal relationships with the core employees in the post-consolidation banking industry in Nigeria.
2. To ascertain the effect of inequitable salaries and fringe benefits to the outsourced staff on their commitment to the corporate goals of the banks to which they are deployed in the post-consolidation banking industry in Nigeria.

### Research Hypotheses

The following hypotheses will be tested in this study:

1. The payment of inequitable salaries and fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the post-consolidation Nigerian banks to which they are deployed.

2. The payment of inequitable salaries and fringe benefits to outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed.

## **Review of Related Literature**

### **Consolidation of Nigerian Banks**

The Central Bank of Nigeria, which is the regulatory body for all banks in Nigeria, announced the consolidation of the banks in 2004 as a strategy for strengthening them to be “diversified, strong and reliable...which ensure the safety of depositors money, (that they) play active development roles in the Nigerian economy, and be competent and competitive player...and hence (give) higher returns to...shareholders overtime and greater impacts on the Nigerian economy... (and) that the ultimate beneficiaries of this policy shift would be the Nigerian economy...the entrepreneurial Nigerians who can now have strong financial system to finance their business; and Nigerians among which will benefit from internationally connected and competitive banks that would also mobilize international capital for Nigerian development” (Soludo, 2004).

It was also to enable them to meet technological innovation, ensure that financial services in the industry were deregulated, as well as to be globally competitive. In effect, the overall goal of the consolidation exercise was to strategically place the banking system in the regional and international context, to enable it to become a major player; to promote soundness, and

protect depositors; and for stability, to enhance efficiency, and to guarantee higher returns to the shareholders and other stake holders (Soludo, 2004). The number of banks in Nigeria post-consolidation came to 25 and thereafter 24 (Central Bank of Nigeria, 2007) and now 21 Deposit Money banks that are bigger in size and more capitalized (Central Bank of Nigeria, 2016).

While Soludo (2004) also admits that the bank owners are primarily profit-driven, he advises that the 21<sup>st</sup> Century banking industry must have a “moral face” and a “social face” which must also ensure that the environmental demand for social responsibility is not neglected.

### **The Concept of Co-operative System**

In his concept of 'co-operative system', Barnard (1938) advocates that the act of co-operation is the direct consequence of the physical, biological, psychological, and social limitations of man. These limitations which necessitate that more people pool efforts and resources together to perform a task more than a single human being is able to gave rise to co-operative systems.

He argues that the continuance of co-operation depends on effectiveness, which is the ability of members to achieve a co-operative purpose; and, more importantly, efficiency, which is the ability to achieve the same purpose with minimum dissatisfaction and costs of the co-operating members. Viewed against this intellectual mirror, it is important to observe how the dichotomy between 'core employees' and 'outsourced staff' within Nigerian banks would affect optimal performance in terms of effectiveness and efficiency; and whether it is capable of precipitating dissatisfaction in the outsourced staff (Yalokwu, 2005).

### **Theories on Motivation**

The issue arising from Maslow (1943,

1954)'s hierarchy is how a person's employment is able to afford him or her opportunity to attain homeostasis. In the original five levels which were revised to seven and later to eight, the first four have been the deficit needs. These deficit needs in Maslow's hierarchy show that a person feels their absence and yearns for them when they are not present, but when each of the levels is satisfied, the person comes to the level of homeostasis where the yearning for that particular need stops. It is logical to hold the view therefore that a person does not attain homeostasis if he is unable to meet the deficit needs. The highest level, which is transcendence, involves only a few people whose deficit needs have been met, and are therefore left to seek deficit needs. Persons at that level do not require seeking for homeostasis because it is always present. Consequently, a person would logically be dissatisfied where he or she is unable to attain a steady state of homeostasis, arising from his inability to meet basic necessities of life while in employment (Clark, 2012).

Herzberg (1959)'s two-factor theory is also relevant. His work, which focused on managers and professionals instead of the factory floor, aimed at developing work situations where the employees were highly motivated and satisfied rather than where they were not motivated and not satisfied. The findings of his studies showed factors which were split into hygiene or maintenance factors and motivation factors. The motivation factors are related to the *content* of the task being performed which Herzberg referred to as *motivators or satisfiers*. These include achievement, recognition, challenging work, advancement, and growth in the job. When they are present in a work environment, they yield feelings of job satisfaction; while their absence yields feelings of no job

satisfaction. Each of them is also associated with strong effort and good performance as seen in the works of Vroom (1964) and Lawler and Porter (1968) on expectancy. (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

It is pertinent to observe that the absence of these motivating factors which lead to job satisfaction does not automatically result in job dissatisfaction. This is because the two concepts, "no job satisfaction" and "job dissatisfaction", do not have that relationship. According to Herzberg, when the motivating factors are absent, there is no job satisfaction; as the opposite of "job satisfaction" is "no job satisfaction". The "job satisfaction-no job satisfaction" relationship is so because the factors that lead to job dissatisfaction are different from those that result in job satisfaction (Kreitner and Kinicki, 2004; Wehrich and Koontz, 2005).

Besides, Herzberg argues that for there to be job dissatisfaction, there must be a situation where there are issues concerning *dissatisfiers*. Unlike the motivating factors, these are factors associated with the work *context* or the work environment which Herzberg also referred to as *hygiene or maintenance* factors such as company policy and administration, technical supervision, salary, interpersonal relationships, status, job security, working conditions, and personal life. Although these are not motivators, Herzberg argues that where they exist in high quantity and quality in the work environment, there will be no dissatisfaction. Put differently, when these factors are present, there is no job dissatisfaction. Their existence does not lead to motivation in the sense of yielding satisfaction; but where they are not present; it could result in job dissatisfaction. In effect, where employees have grievances



about them, it results in job dissatisfaction. The opposite of “job dissatisfaction” is “no job dissatisfaction”, which is a situation where an employee has no grievances about the hygiene or maintenance or job-context or contextual factors (Kreitner and Kinicki, 2004; Wehrich and Koontz, 2005).

In Nigerian banks, there is a mix of both “no job satisfaction” and “job dissatisfaction” with regard to how outsourcing affects outsourced workers. There are issues of recognition, advancement, stimulating jobs, achievement, etc, which are motivating factors, the absence of which leads to no job satisfaction on the part of the outsourced workers. There are also issues arising from outsourced workers' grievances about the hygiene factors which do not necessarily motivate but lead to job dissatisfaction. These factors include pay or salary (salary structure must be appropriate and competitive with others in the same industry); company policies and administrative policies (the company policies should not be too rigid but fair and clear); fringe benefits (employees should enjoy fringe benefits like healthcare, transport and housing allowances, etc); physical working conditions (the work environment should be clean, safe and hygienic); status (employees' status in the organization should be clear); interpersonal relations (the employees' relationships with peers, subordinates, and superiors should be appropriate); and job security (organization must provide job security). In the case of outsourced workers in the Nigerian banking industry, these factors are not in their favour (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

Viewed against the backdrop of the work of Herzberg, salary, fringe benefits, interpersonal relations, and job security, are not motivators, but in the Nigerian context,

they are still seen as motivators in the work environment. In the banks, the issue of disparities in salary between the core employees and the outsourced workers looms large; there is the issue of interpersonal relationships between outsourced workers and the core employees and supervisors, and there are also the issues of job security and working conditions, which constitute hygiene factors the absence of which leads to job dissatisfaction. In other words, while salary, for instance, may not be too relevant a factor to motivate employees in the developed countries, in Nigeria and most of the emerging economies, salary is still a major motivating factor among employees at different levels (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

On his part, Vroom (1964), in his expectancy theory on motivation, seeks to provide explanation as to why an individual chooses to behave in a particular way as against the alternative ways. Unlike Maslow and Herzberg, who examine the relationship between internal needs and the resulting effort expended to fulfil them, his theory advocates that an employee's motivation arises from his or her understanding that he or she is able to accomplish a particular task and the reward for performing the task is worth the effort expended. As a decision model, the theory believes that a person's behaviour is controlled by some “forces”, and these motivational forces behind a person's behaviour should be evaluated (Wehrich and Koontz, 2005). From this theory, it is evident that persons working in banks and are performing 'core' bank tasks that are web-based (online banking) and ATM card related; and are involved in electronic funds transfers, customer deposits, and deposit withdrawals, which are sensitive bank jobs, will not be motivated if they are paid

peanuts after successfully performing them.

The theory by Lawler and Porter (1968) was an extension of Vroom's theory. It accepted Vroom's proposition that actual performance is determined by an individual's effort; but the theory went beyond Vroom's effort-performance-outcome paradigm to propose that the effort put in by an individual is largely influenced by the traits and abilities of the individual to perform the specific task as well as the individual's perception of the task required (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007). Furthermore, Lawler and Porter advocate that the motivation to complete a given task is based on the reward a person expects to receive for accomplishing the task; and that the performance should lead to two types of rewards: intrinsic and extrinsic rewards. By intrinsic rewards, they mean positive feelings that an individual experiences when he successfully completes a task. Such rewards which are internal to the individual include a feeling of satisfaction and a feeling of a sense of achievement. On the other hand, by extrinsic rewards, they mean rewards which are outside the individual such as bonus, commission and pay increases (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

This theory has shown that workers who put in their best and expect little incomes, are bound to be dissatisfied, but they will achieve satisfaction if the incomes they expect are commensurate with the level of performance and the efforts expended. The question that logically flows from this is whether it is through monetary rewards only that managements of organizations can reinforce the performance of their workers. It has been generally acknowledged that while money may not be a motivator in Euro-American countries, it still remains a

motivator in Nigeria, as most employees in Nigeria have not gone beyond the basic physiological and biological level needs of Maslow's hierarchy of needs where the national minimum wage is still N18,000 (eighteen thousand Naira) monthly (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

Adams (1965), in his equity theory, like the expectancy theory, advocates that the effort put in by an employee should lead to performance; and the performance should, in turn, lead to perceived acceptable rewards. It is the perceived acceptable rewards that should motivate the worker to put in more effort. In addition, Adams goes a step further by his argument that an employee does not only evaluate his or her perceived rewards, he also compares his own inputs and rewards (outputs) with the inputs and rewards (outputs) of a comparable other which could be a co-worker with the same qualifications, skills, etc, employed at the same time to perform similar tasks (Wehrich and Koontz, 2005; Huczynski and Buchanan, 2007).

### **Employee Work Attitudes**

Attitude is a mental state of readiness of a person which is organized through experience, and which exerts a dynamic influence on how the individual responds to ideas, persons, objects or situations collectively known as stimuli, to which he or she is in contact (Robbins, 2003; Srivastar and Das, 2015). Attitudes, which reflect a person's way of feeling and thinking, have characteristics which include the fact that they are learned; they define a person's predispositions towards persons, objects or situations; they provide emotional basis for a person's interpersonal relations and how he or she identifies with other people; and they are organized around

the core of one's personality. While some attitudes are relatively stable and enduring, others are dynamic (Fishbein and Ajzen, 1975).

Attitudes can positively or negatively influence the behaviour of a person, and such a person could, in turn, influence the behaviour of other persons around him or her. A person with positive attitudes towards work and co-workers such as "friendliness", "contentment", etc, can positively influence those around him or her. These positive attitudes often manifest in a person's behaviour. A positive work environment, job satisfaction, a reward system, and a code of conduct, help to reinforce specific behaviour in individuals. (Boundless.com, 2016).

The most critical employee attitude is job satisfaction and that is why, more often than not, when we talk of employee attitudes we mean job satisfaction (Saari and Judge, 2004). Other forms of employee attitudes are job involvement and organizational commitment. Job satisfaction, as defined by Locke (1976), is a positive emotional state resulting from how a person appraises his or her job experiences. Inherent in this definition is the relevance of affect (feeling) and cognition (thinking). Feelings are derived from a person's thinking; hence a person thinks, and he or she has feelings about what he or she thinks about. On the other hand, when a person has feelings, he thinks about what he or she feels. As a result, thinking and feeling are two sides of the same coin (Saari and Judge, 2004). Thus, in evaluating his or her job, a worker thinks and feels about his or her job at the same time (Srivastar and Das, 2015).

Put differently, job satisfaction refers to an individual's general attitude towards his or her job; and it is a way a person is gratified

or fulfilled by his or her work (Smith, Kendall, and Hulin, 1969). It could be high or it could be low. Where the level of job satisfaction is high, a person is said to hold a positive attitude towards his or her job; and where it is low, the person holds a negative attitude towards his or her job (Robbins, 2003).

In the case of job involvement, it helps to measure the degree to which an employee identifies with his or her job; and he or she considers that his perceived level of performance is important to his or her self-worth. Employees with a high level of job involvement are those who strongly identify with, are proud of, and really do care about the jobs they do. On the other hand, organizational commitment is the state in which an employee identifies with his or her organization and its mission and goals, and has a positive feeling of maintaining his membership of that organization. As these definitions would reveal, while high job involvement has to do with an employee identifying with his or her job, high organizational commitment means he or she identifying with the organization where he or she works (Srivastar and Das, 2015).

The determinants of job satisfaction are a combination of the nature of the job, individual factors, and situational or environmental factors. Consequently, research reveals that a combination of personal factors (such as an individual's needs and aspirations) and group or organizational factors (such as relationships with co-workers, supervisors, working conditions, work policies, and compensation) determine a person's attitudes (Srivastar and Das, 2015). However, studies done on prominent situational influences which have become known as "intrinsic job characteristics"

have shown divergent opinions on how workers and managers perceive these factors. In some studies, the results reveal that from the point of view of workers, the “nature of the job” itself occupies a greater place of prominence above other areas such as supervision, pay, promotion opportunities, co-workers, etc, when employees evaluate different areas of their jobs (Judge and Church, 2000). This is not to mean that such employees do not consider good compensation schemes and effective supervision in the workplace as important. The point is that such workers believe that they derive job satisfaction where the work is interesting and challenging (Saari and Judge, 2004). This is in accord with Herzberg (1964)'s motivational factors or satisfiers.

On the part of managers, on the other hand, some studies reveal that some managers believe that workers have preference for “pay” above all other job attributes such as “interesting work” (Saari and Judge, 2004). This view is in accord with the propositions of Herzberg (1964) in his hygiene or maintenance factors. To be specific, in a study on job attributes ranked 1 to 5, employees ranked “interesting job” in the first position; whilst they placed “good wages” in the fifth position. On the part of managers, their ranking placed “good wages” as first position; while they placed “interesting work” as fifth position (Kovach, 1995). In the face of these divergent opinions, some scholars argue that out of the major areas of job satisfaction, it is job challenge, autonomy, variety, and scope that are largely responsible for overall job satisfaction and employee retention. As a result, such scholars are of the opinion that one of the foremost causes of job satisfaction is the nature of the work itself.

There has been no consensus in the literature as to the consequences of job satisfaction in organizations. It is generally held that employee satisfaction when properly managed, leads to a healthy organizational climate. Thus, a healthy organizational climate is a reflection of the attitudes of the employees; and employee attitudes revolve around the four critical pillars of an organization; namely, communication, culture, compensation, and commitment (Srivastar and Das, 2015). Human Resource (HR) practitioners, on their part, are careful about the effect of cost reduction on job satisfaction; and how job satisfaction, in turn, affects performance as an organizational outcome. For instance, there is an ongoing debate as to whether satisfied employees will automatically be productive. From the time the Hawthorne experiments drew attention to the relationship between job satisfaction and job performance, a number of works have been done with earlier ones showing a weak relationship (Saari and Judge, 2004). However, Organ (1988) dismisses this weak relationship; and he suggests that the narrow definition of job satisfaction has been largely responsible for this weak relationship. In his opinion, where job satisfaction is defined to include organizational citizenship behaviours that are not generally reflected in performance appraisals, the relationship between the two variables will be high.

### **Interpersonal Relationships in the workplace**

There are psychosocial working conditions in organizations which constitute a very important aspect of the work environment of which interpersonal relationships form an integral part. Interpersonal relationships refer to the day to day interactions between co-workers, or between managers and employees. The interactions are natural

aspects of the work environment and they could be positive by being pleasant, satisfying and creative or negative by resulting in tension and frustration (Stoetzer, 2010). These relationships could be at the individual or organizational levels. The individual level relates to how individuals evaluate their relationships; and at the organizational level, it is about the strategies and procedures that have simultaneous affect on many employees. One important aspect of the organizational factors at the level of the firm is how management or leadership, which deals with the strategies and procedures, take managerial decisions which directly or indirectly influence the relationships among employees (Yukl, 2006).

Social support is one of the aspects of interpersonal relationships at work. It refers to social interactions which are made up of instrumental support and emotional support. While the instrumental support refers to where the individual is given the resources or information required to do his assigned tasks; the emotional support includes backup, feedback and appreciation, the absence of which could lead to stress or tension in the individual (Stoetzer, 2010).

Perhaps, the most important problem associated with interpersonal relationships in the workplace is conflict (Appelberg, 1996). Although not all conflicts lead to negative consequences, research has shown that conflicts are potential stressors which are related to several negative outcomes (Guerra, Martinez, Munduate and Medina, 2005). Hence, Stoetzer (2010) defines conflict as a detrimental stressor that involves two or more individuals who are engaged in open arguments. Conflicts could manifest from the perspective of personality traits or from environment-individual-

interaction. Personality traits could take the form of aggressiveness which affects the ways the individual interacts with other people in the organization (Zapf, 1999); and one way this could be solved is to ensure that potential employees that have clear risk of negative interactions are screened out of employment recruitment and selection if detected early or where they have been recruited before detection, they are assigned to jobs where they will have minimum contacts with others (Stoetzer, 2010).

On the other hand, to assist this individual's intrapersonal challenges, the organization could adopt the environment-individual-interaction perspective. Here, the organizational factors such as lack of sufficient leadership which affects individuals negatively leading to stress need to be addressed. Besides, environmental stress issues which could lead to interpersonal relationships problems in the work environment need to be addressed as well. Such issues if unattended to could lead to threats which the individual may respond to in form of flight or fight. Fight response is aggression; while flight response is in form of avoidance (Stoetzer, 2010).

Another aspect of interpersonal relationship is organizational justice, which has to do with fair treatment in organizations. Hitherto, there were three dimensions of it; namely, distributive, procedural, and interactional. The distributive dimension has to do with a just allocation of resources; the procedural is about how decisions are reasonably made or not; while the interactional concerns the relationship between superiors and employees and how employees are treated (Colquitt, Conlon, Wesson, Porter and Yee, 2001). In recent times, it is made up of procedural and relational; the relational being an offshoot

of the interactional (Elovainio, Kivimäki and Vahtera, 2002).

Fair treatment and justice were previously known to be linked with organizational commitment, motivation, and employee health (Brochner and Siegel, 1996). Relational justice is the relation between employees and their managers, where the managers are the known representatives of the organization. Being well treated with kindness and consideration for human dignity reflects the quality of interpersonal relationships in the organizational hierarchies and this, in turn, affects the interpersonal and organizational environment (Head, Kivimäki, Siegrist, Ferrie, Vahtera, Shipky and Marmont, 2007).

Although exclusion is not conflict as having persons in open arguments, but it is closely related to it. It comes in form of being excluded from meetings, important information, or social gatherings in the organization. It is a one-way oppression of a person; and it involves both individual and organizational factors whereby the victim could possess some personality traits that make people to be hostile to him or her; while the perpetrators could also possess aggressive characteristics. Besides, it could be rooted in deficient organizations and leadership. Nowadays, it manifests as “bullying” or “mobbing” and it has negative effect on performance (Zapf, 1999).

The findings in the study done by Stoetzer (2010) show that low support, serious conflict, exclusion by superiors or co-workers have effects on depression. Hence he suggests that promoting good interpersonal relationships in the workplace helps to reduce the risk of employees developing depression; and that

organizations that appear to be healthy for employees are those that are organized in the spirit of relational justice. These are the work environments which are perceived to be “fair, kind, considerate, and impartial”.

### **Employee Commitment**

As highlighted earlier, this is one of the attributes of employee attitudes. It is an individual's psychological state whereby he or she has a sense of belonging, ownership of organizational goals, and is ready to face challenges in the organization where he or she works (Dolan, Tzafir and Baruch, 2005). It is a measure of an employee's involvement to do his or her work with zeal and excitement (Dorenbosch and Veldhoven, 2006). The importance of employee commitment lies in the fact that without it organizations may not find it easy to achieve strategic goals (Gul, 2015).

Studies show that organizational performance is closely related with the level of employee commitment (Ivancevich, 2010); and committed employees often exceed management targets (Bragg, 2002). A high level of commitment increases output substantially, and it leads to sustainable competitive advantage (Whitener, 2001). A study done by Irefin and Mechanic (2014), finds that there is a fairly high relationship between employee commitment and organizational performance which means that employee commitment improves an organization's performance. It also finds that there is a relationship between employee commitment and employees' turnover.

On his part, Gul(2015) observes that organizations are able to change the attitudes and behaviour of employees through the application of employee commitment factors of performance management, training and development,

and fair reward systems; and the change results in high productivity and profitability. While performance management creates opportunity for development, growth and advancements as well as recognition (Gul, 2015); training and development motivates and creates job satisfaction, and helps an organization to function efficiently and effectively (Moorman, Niehoff and Organ, 1993). A reward system of an organization raises workers' morale and ensures efficient functioning of the organization. The assumption is that a fair reward system increases employee morale and commitment level and this, in turn, leads to better organizational functioning (Armstrong, 2012).

### **Theories of Employee Commitment**

The two oldest theories of employee commitment in organizations are the One-side-bet theory and the Middle-Affective-Dependence theory. The One-Side-bet theory was the earliest attempt which was popularized by Becker (1960) who defines employee commitment from side-bet. Side bet means accumulation of investments valued by the individuals who believe that over a period of time certain costs accrue from these bets which makes it difficult for the individual (employees) to disengage from the organization. As a result, the theory posits that the relationship between an employee and an organization is based on the "contract" of economic exchange behaviour; and that employees are committed to the organization because they have total or some level of hidden investments (side bets) which compel them to remain in the organization. This theory therefore recognizes employee commitment as a major factor in predicting employee voluntary turnover.

The Middle-Affective-Dependence school of thought was popularized by Porter, Steers, Mowday and Boulian (1974). During this period, emphasis shifted from tangible side bets to intangible psychological attachment a person has to an organization. It saw commitment as attitude-centred in addition to the "economic contract". Therefore, an employee does not come into an organization for economic reasons only, but also for affective reasons which could have more influence on the employee. Hence, Mowday, Steers, and Porter (1979) define commitment as the relative strength of an individual's identification with and involvement in a "strong acceptance", "participation", and "loyalty" in an organization. They saw commitment as an alternative to job satisfaction; and it could sometimes be a better predictor of turnover than job satisfaction. From this perspective, Mowday, et al (1979) articulates employee commitment to be made up of three important parts: a strong belief in and acceptance of an organization's goals and values, a willingness to expend considerable effort on the organization's behalf, and a strong desire to maintain one's membership in the organization.

As articulated by WeiBo, Kaur and Jun (2010), other more recent theories on organizational commitment include O'Reilly and Chatman (1986) multi dimension theory; Meyer and Allen (1984, 1990) multi dimension theory; Cohen (2007) two dimensions theory; and Somers (2009) Combined Theory. The multi dimension theory of O'Reilly and Chatman (1986) views commitment from the psychological attachment a person feels for an organization which points to the degree to which the person has been able to internalize the perspectives of the organization. The theory proposed (1)

compliance or involvement for specific extrinsic rewards (2) identification or involvement based on desire for affiliation, (3) internalization or involvement based on the relationship between individual and organizational values as three ways that commitment can be observed in organizations.

The theory of Meyer and Allen (1984, 1990), which was also based on multi dimension comes as an attack on Becker's scale, whose design they argue, was faulty in the sense that it was unable to measure side-bets that it was originally designed to measure. Their point of argument is that it is better suited for measurement of attitudinal commitment. As a result, they designed three scales for measuring commitment: (1) Affective commitment which measures commitment based on positive feelings of identification with the organization and it involves the work organization (2) Continuance commitment as a better alternative to Becker's scale to assess the extent to which employees feel committed to their organization because of the cost involved in disengaging, and (3) Normative commitment which is a feeling of obligation to continue in employment where those with "high commitment" have a strong feeling to remain in the organization.

The focus of Cohen (2007)'s two dimensions theory is on style of commitment. It recognises Mowday, Steers and Porter (1982)'s two dimensions of attitudinal and behavioural commitment; and takes into consideration their definition of attitudinal commitment as the tendency towards commitment; which is the process by which individuals think about their relationship with their organization; as different from behavioural commitment which is what makes individuals become "coupled" to their organizations. Cohen (2007) develops this further with his two

dimensions of instrumental and normative or affective commitment. The instrumental is strongly tied to the motivation process while the normative or affective is closely tied with an individual's early socialization or experiences. He adopts the variable of time, to differentiate between pre-entry and post-entry commitment; and he argues that the pre-entry commitment is about a person's general expectations concerning the quality of the rewards that he or she will get; while the post-entry refers to the commitment which comes from his or her perception of the quality of rewards received compared to his or her contributions to the organization.

The Combined theory of Somers (2009) posits that commitment should focus on the combined influence of commitment on work outcomes. In his study of 288 hospital nurses, commitment profiles were combined with variables of turnover intentions, job search behaviour, work withdrawal (absenteeism and lateness), and job stress. This gave rise to five empirically derived commitment profiles of highly committed, affective-normative dominant, continuance-normative dominant, continuance dominant, and uncommitted. The most committed workers are those that are affective-normative with lower turnover intentions and lower psychological stress.

### **Methodology**

The sample size was calculated using Raosoft sample size calculator. With a margin of error of 5%, confidence level of 95%, response distribution of 50%, and a population size assumed to be 20,000, the sample size was 377.

Multi-stage sampling was adopted in selecting this sample. First, using judgmental sampling technique, six banks; namely, First Bank of Nigeria Limited,



Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc and Zenith Bank Plc, were selected from the 21 Deposit Money Banks in Nigeria. This is a good representation of the banking industry because each of the six banks has a high network of branches all over the country. Second, the sample was drawn from their Lagos branches because they have high branch networks in Lagos, which is the commercial nerve centre of Nigeria.

Third, these six banks were stratified into Lagos Island, Lagos Mainland, Ikorodu, Epe and Badagry networks. Fourth, as there are no accurate records on the number of branches each of the banks has in these locations, the allocation of quotas, was done on almost equal representation with First Bank of Nigeria Limited, Union Bank of Nigeria Plc, Access Bank Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc and Zenith Bank Plc having 67, 62, 62, 62, 62, and 62 respondents respectively made up of core staff and outsourced staff.

Data was collected from primary source through the use of questionnaire. The questionnaire was formulated using Likert scale; and 103 copies were pre-tested using test-retest reliability which gave  $r_s = 0.90$ . Out of the 377 questionnaires sent by mail, 357 were returned fully completed, with 124 as core staff and 233 as outsourced staff, which represents 94.69% return rate as shown in Table 1.

### **Data Analysis**

From Table 2, out of 357 respondents, 244 or 68.35% strongly agree and 83 or 23.25% agree that outsourced staff are not happy with the inequitable salaries with no fringe benefits in the banks compared to the few core staff but 15 or 4.20% and 13 or 3.64% disagree and strongly disagree respectively.

The data also show that 208 or 58.26% strongly agree and 43 or 12.05% agree that outsourced staff have covert and overt conflicts with peer core staff for being overworked with little pay and no fringe benefits but 56 or 15.69% and 44 or 12.32% disagree and strongly disagree respectively. Also, 201 or 56.30% strongly agree and 53 or 14.85% agree that some outsourced staff are reluctant in accepting instructions from superior core staff who have the same qualifications and experience; while 55 or 15.41% disagree and 37 or 10.36% strongly disagree. On the issue that the reaction of the outsourced staff to the core staff is transferred aggression because they perceive them to be fortunate for getting the fulltime jobs through informal relationships, 214 or 59.94% strongly agree and 34 or 9.52% agree; but 48 or 13.45% disagree and 46 or 12.89% strongly disagree. Furthermore, 199 or 55.74% also strongly agree and 51 or 14.29% agree that the core staff often exhibit a feeling of superiority over their peer outsourced staff; while 54 or 15.13% disagree and 46 or 12.88% strongly disagree.

From Table 3, out of 357 respondents, 207 or 57.98% strongly agree and 41 or 11.48% agree that the outsourced staff do not see themselves as members of banks because of inequitable salaries, but 54 or 15.13% and 45 or 12.61% disagree and strongly disagree respectively. Also, 200 or 56.02% strongly agree and 66 or 18.48% agree that the outsourced staff do not care if bank is making profit or not as they could be laid off at any time but 48 or 13.45% and 36 or 10.08% disagree and strongly disagree respectively. In the same way, 213 or 59.66% strongly agree and 40 or 11.21% agree that the outsourced staff do their jobs at their own pace not minding specified company turnaround times; while 35 or 9.80% disagree and 58 or 16.25% strongly

disagree. On the issue that outsourced staff display high level of disloyalty due to job insecurity and frustration, 201 or 56.30% strongly agree and 51 or 14.29% agree; but 35 or 9.80% disagree and 55 or 15.41% strongly disagree. Furthermore, 198 or 55.45% also strongly agree and 53 or 14.85% agree that the outsourced staff are not committed as they could leave any time they find more secured jobs; while 46 or 12.89% disagree and 54 or 15.13% strongly disagree.

## Hypotheses Testing

### Hypothesis 1:

*The payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the post-consolidation banks to which they are deployed.*

$$H_0: u_1 \leq u_2$$

$$H_A: u_1 > u_2$$

$$Z_c = 7.06$$

$$Z_{0.05} = 1.645$$

**Decision:** Reject  $H_0$  since  $Z_c = 7.06 > Z_t = 1.645$  at 0.05 level of significance using the critical value approach. Using the p-value approach, reject  $H_0$   $p$ -value = 0.0002 < 0.05, and accept the alternative hypothesis that payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the post-consolidation banks to which they are deployed.

### Hypothesis 2:

*The payment of inequitable salaries and no fringe benefits to the outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed.*

$$H_0: u_1 \leq u_2$$

$$H_A: u_1 > u_2$$

$$Z_c = 5.89$$

$$Z_{0.05} = 1.645$$

**Decision:** Reject  $H_0$  since  $Z_c = 5.89 > Z_t = 1.645$  at 0.05 level of significance using the critical value approach. Using the p-value approach, reject  $H_0$   $p$ -value = 0.0002 < 0.05, and accept the alternative hypothesis that payment of inequitable salaries and no fringe benefits to the outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed.

## Discussion of Findings

The results of the two hypotheses show that (a) The payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the post-consolidation banks to which they are deployed (b) The payment of inequitable salaries and no fringe benefits to the outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed.

### Objective One:

The test of hypothesis in respect of hypothesis 1 shows that payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core employees in the banking industry in Nigeria. The specific findings here include: (1) The outsourced staff are not happy with the inequitable salaries with no fringe benefits in the banks compared to the few core staff (2) Outsourced staff have covert and overt conflicts with peer core staff for being overworked with little pay and no fringe benefits (3) Some outsourced staff

are reluctant in accepting instructions from superior core staff who have the same qualifications and experience(4)The reaction of the outsourced staff to the core staff is transferred aggression because they perceive them to be fortunate for getting the fulltime jobs through informal relationships (5) The core staff often exhibit a feeling of superiority over their peer outsourced staff.

These findings are supported in Maslow (1943, 1954)'s hierarchy of needs, the expectancy theories of Herzberg (1959), Vroom (1964), and Lawler and Porter (1968) as well as Adams (1963)'s equitytheory. For instance, going by the equity theory, there is negative equity on the part of outsourced workers in the banking industry, since the ratio of their inputs to their rewards compared to those of their peers is perceived by them to be inequitable. Furthermore, the effort they put in, which they expect would lead to higher performance, and hence higher outcomes, cannot be sustained by the system which pays peanuts as salaries. As already noted, salary is still a very important motivator for workers in Nigeria, and any firm, due to outsourcing, that does not pay good salaries, especially where there are discriminatory salaries amongst peers, is bound to lead to dissatisfaction.

As the study would reveal, the dissatisfaction of the outsourced staff arising from inequitable salaries and no fringe benefits reflects in their interpersonal relationships in the workplace. They are not happy with inequitable salaries with no fringe benefits; there are overt and covert conflicts between them and the few core staff for being overworked; there is transfer of aggression to the core staff; they do not take instructions from their superiors with same qualifications and experience who are core staff; and there is always a feeling of

superiority over the outsourced staff by the core employees.

In Marxian terms, conflict is endemic in all human societies because of unequal distribution of resources.Appelberg (1996) observes that one of the major problems associated with interpersonal relationships in the workplace is conflict; which Stoetzer (2010) defines as a detrimental stressor that involves two or more individuals who are engaged in open arguments. Guerra et.al (2005) explains that although not all conflicts could lead to negative consequences, they were potential stressors which are related to several negative outcomes. Conflicts could manifest from the perspective of personality traits or from environment-individual-interaction. Personality traits could take the form of aggressiveness which affects the ways the individual interacts with other people in the organization (Zapf, 1999).

It must be emphasized that banks should have been more careful in reducing their staff strength to embrace outsourcing to a level that the size of the core staff has reduced drastically as shown in the study done by Fapohunda (2012) in five banks in Nigeria, namely, Guaranty Trust Bank Plc, Zenith Bank Plc, United Bank for Africa Plc, Skye Bank Plc, and First Bank of Nigeria Limited, where the core employees were 358 or 14.1%, 325 or 16.2%, 595 or 15.8%, 264 or 16.0% and 1,830 or 30.0% while the outsourced workers were 2,180 or 85.9%, 1, 680 or 83.8%, 3,178 or 84.2%, 1,376 or 84.0% and 4,270 or 70.0% respectively. Besides, the outsourced staff ought to be restricted to non-core tasks where they may not have direct contact with the core staff. This is in line with the observation of Stoetzer(2010) that one way to reduce conflict in the work environment is to ensure that potential employees that

have clear risk of negative interactions are screened out of employment recruitment and selection if detected early or where they have been recruited before detection, they are assigned to jobs where they will have minimum contacts with others. As he further observes, environmental stress issues which could lead to interpersonal relationships problems in the work environment need to be addressed as well because such issues, if unattended to could lead to threats which the individual may respond to in form of flight or fight. Fight response is aggression; while flight response is in form of avoidance (Stoetzer, 2010).

Colquitt et.al (2001) and Elovainio et. al (2002) agree that another aspect of interpersonal relationship in organizations is organizational justice, which has to do with fair treatment. Fair treatment and justice are known to be linked with organizational commitment, motivation, and employee health (Brochner and Siegel, 1996); and the three dimensions of organizational justice are relevant here; namely, distributive, procedural, and interactional. The distributive dimension has to do with a just allocation of resources; the procedural is about how decisions are reasonably made or not; while the interactional concerns the relationship between superiors and employees and how employees are treated (Colquitt et. al 2001).

As observed in the literature, relational justice is the relation between employees and their managers, where the managers are the known representatives of the organization. Being well treated with kindness and consideration for human dignity reflects the quality of interpersonal relationships in the organizational hierarchies and this, in turn, affects the interpersonal and organizational

environment (Head et. al, 2007). Besides, as shown in the findings of Stoetzer (2010) low support, serious conflict, and exclusion by superiors or co-workers have effects on depression. Hence the banking industry in Nigeria must take into consideration his suggestion that the good interpersonal relationships in the workplace that appear to be healthy for employees are those that are organized in the spirit of relational justice and these are the types to be promoted. These work environments are perceived to be "fair, kind, considerate, and impartial".

### **Objective Two**

The test of hypothesis in hypothesis 2 shows that the payment of inequitable salaries and fringe benefits to outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed. The specific findings include: (1) Outsourced staff do not see themselves as members of banks because of inequitable salaries (2) Outsourced staff do not care if bank is making profit or not as they could be laid off at any time (3) Outsourced staff do their jobs at their own pace not minding specified company turnaround times (4) Outsourced staff display high level of disloyalty due to job insecurity and frustration (5) Outsourced staff are not committed as they could leave at any time they find more secured jobs.

The finding in respect of the outsourced lack of commitment to organizational goals finds support in the works of Dorenbosch and Veldhoven (2006) who see employee commitment as a measure of an employee's involvement to do his or her work with zeal and excitement; and Gul (2015) who says the importance of employee commitment lies in the fact that without it organizations may not find it easy to achieve strategic goals.

Furthermore, as shown in the studies done by Ivancevich (2010) and Irefin and Mechanic (2014), organizational performance is closely related with the level of employee commitment; which often makes committed employees to exceed management targets (Bragg, 2002); and to record high level of commitment increases output substantially which leads to sustainable competitive advantage (Whitener, 2001). This is unlike this case where the outsourced employees do not see themselves as members of the banks to which they are deployed; they have no respect for specified banks' turnaround time for performing their duties as they prefer to work at their own pace; they do not care whether the banks are making profits or not as they have nothing at stake; they are always looking out for better paid jobs and are ready to leave immediately such jobs come.

Besides, as Gul (2015) observes, organizations are able to change the attitudes and behaviour of employees through the application of employee commitment factors of performance management, training and development, and fair reward systems; and the change results in high productivity and profitability. While performance management creates opportunity for development, growth and advancements as well as recognition (Gul, 2015); training and development motivates and creates job satisfaction, and helps an organization to function efficiently and effectively (Moorman et al., 1993); and a reward system of an organization raises workers' morale and ensures efficient functioning of the organization. Armstrong (2012) adds that the assumption is that a fair reward system increases employee morale and commitment level and this, in turn, leads to better organizational functioning.

From the Middle Affective-dependence theory, an employee does not come into an organization for economic reasons only, but also for affective reasons which could have more influence on him or her. We have seen from the definition by Mowday et al (1979) that commitment is the relative strength of an individual's identification with and involvement in a "strong acceptance", "participation", and "loyalty" in an organization. Hence, the three parts of employee commitment as identified by them; namely, a strong belief in and acceptance of an organization's goals and values, a willingness to expend considerable effort on the organization's behalf, and a strong desire to maintain one's membership in the organization are highly relevant to this study.

Also, the theories of O'Reilly and Chatman (1986), Meyer and Allen (1984, 1990), Cohen (2007) and Somers (2009) which are in agreement with the theories of Herzberg (1959), Adams (1963), Vroom (1964) and Lawler and Porter (1968), are relevant in explaining why the outsourced staff are not committed to the goals of the banks. In particular, with Cohen (2007)'s pre-entry and post-entry commitment, we are able to understand that an outsourced staff's pre-entry commitment has to do with commitment arising from his or her general expectations about the quality of rewards he or she would receive as a person working in the banking environment; while his or her post-entry commitment is his perception of the quality of rewards he or she gets compared to his or her contribution to the bank.

### **Conclusion and Recommendations**

The findings show that payment of inequitable salaries and no fringe benefits to outsourced staff significantly affects their interpersonal relationships with the core

employees in the banking industry in Nigeria. Secondly, the payment of inequitable salaries and fringe benefits to outsourced staff significantly affects their commitment to the corporate goals of the post-consolidation Nigerian banks to which they are deployed. It is evident from this study that what is currently practiced as human resource outsourcing in the banking industry in Nigeria is different from the original conception as seen in the literature. The outsourcing is more like 'casualization', which depicts stagnation, frustration, and man's inhumanity to man. This has led to the latent dysfunctional outcome of job dissatisfaction among the outsourced staff. It is pertinent to observe that the outsourcing as practised in the banking industry in Nigeria post-consolidation is dehumanising, oppressive, and exploitative.

The outsourcing in the banksought to be given a human face to avoid the poor interpersonal relationships between the core employees and the outsourced staff which often manifests in covert and overt conflicts between them, on the one hand, and between the outsourced staff and their superiors who possess the same qualifications and experience but are fortunate to be retained as core employees, on the other. Frustration precipitates aggression and disloyalty. Uncommitted workers are hardly productive as they will not respect the turnaround times specified for performing tasks; and because they do not see themselves as members of the banks, they may not show interest in the banks' achieving their corporate goals.

Prior to the emergence of new generation banks in Nigeria, bankers were known to be courteous, wear charming and smiling faces, and were well dressed. Although the banks were out to make profit at that time,

their focus on the welfare of the employee did not diminish. There was emphasis on on-the-job and off-the-job training; which made the banks' training schools to be functional. Today, not many, if any, of the banks still have training schools. With the large number of outsourced staff they have, would they be interested in training them for others to poach?

In the light of the findings, we recommend as follows:

1. The National Assembly should urgently come up with legislations to regulate the practice of human resource outsourcing in Nigeria. This agrees with the position of the labour leaders in Nigeria that in the absence of a legal and institutional framework that controls the activities of service providers and the banks, what currently exists in Nigeria is casualization. The picture one is seeing of the banking industry in Nigeria, from the results of this work is that even though the banks are posting huge profits, the interpersonal relationships between the core bank staff and the outsourced workers do not provide a harmonious work environment devoid of overt and covert intra-bank conflicts.

2. There must be a regulatory body that would implement the criteria for registration; and would ensure that the firms have salary structures and other conditions of service for the workers engaged by them and deployed to their client banks. This regulation by Government will check 'underdogism' in the practice of outsourcing in Nigeria. By 'underdogism' we mean the dehumanising, exploitative, and gruesome situation of an underdog to which the outsourced worker is subjected by the current tripartite system (the bank, the outsourcing agency, and the outsourced staff). The experience of an underdog, does not afford him opportunity to seek redress, and it gives recognition only to the

outsourcing agency and the client bank.

3. With Government playing a regulatory role to check 'underdogism' and to bring sanity to outsourcing in Nigeria, it is recommended that there should be a Four-way relationship between the Government, the outsourcing agency, the client company, and the outsourced employee. This will ensure that even as the outsourced employee is not a staff of the bank, he or she has job satisfaction as he works in the bank.

4. No matter the need for cost reduction, there is need to pay them equal salaries as their peer core staff, and to allow them to be trained in-house. The banks should therefore establish training schools, as was the case in the past, to acquaint the outsourced staff with the corporate goals of the banks and to give them a sense of belonging and commitment. Their tenure could still remain on contract.

In view of the fact that majority of these outsourced workers in the banks are graduates of universities, polytechnics, and monotechnics, we recommend that only registered professional outsourcing firms should be allowed to practice outsourcing to save these graduates, and millions of youths, engaged by outsourcing agencies and deployed to banks, the exploitation involved in the way outsourcing is currently being practiced in Nigeria.

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