

# DOES EMPLOYEE COMMITMENT MATTER IN INSTITUTIONAL STRATEGIES AND PERFORMANCE OF MANAGEMENT DEVELOPMENT INSTITUTIONS IN NIGERIA

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**Abstract:** This study argued that Institutional strategies (IS)-(Agility, Flexibility, Alliance, and Planning) are identified approaches used by management development institutions (MDIs) in Nigeria to navigate the diverse setting towards achieving outstanding performance but queried the effect of employees' commitment. The multi-stage sampling technique was used to select 398 staff. Stratified sampling technique was used to select the relevant MDIs across the entire MDIs in Nigeria. Data were collected using a validated questionnaire. Inferential (regression) analyses was conducted to determine the moderating effect of employees' commitment on the relationship between IS and performance of MDIs. Findings revealed that employees' commitment had no significant moderating effect on the relationship between IS and performance of selected MDIs in Nigeria, (Adj.R<sup>2</sup>= .141,  $F_{(4,339)}=1.650$   $p>.05$ ). The study recommended the integration of IS in the operations of the selected MDIs in Nigeria to ensure improved performance and achieve the institutions' predetermined goals.

**Keywords:** Institutional strategies, Management development institutions, Performance, employees' commitment,

## Introduction

The relationship between employee commitment and performance has been widely studied by Khyzer, Bin, Ahmed, and Wasim,<sup>1</sup>; Peace, and Mohammed,<sup>2</sup> though mostly at the individual level and generally in cross-sectional studies, but the debate on the performance of employees has remained inconclusive. This is the same in the organizational level studies,

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<sup>1</sup> M. Khyzer; B. Dost; A. Zulfiqar; S. Noman, & W.A. Shaheen. Impact of employee commitment on organizational performance. *Arabian Journal of Business and Management Review*, 1(3), 2011, 34-51.

<sup>2</sup> I. Peace, & A.M. Mohammed, Effect of employee commitment on organizational performance in Coca Cola Nigeria limited Maiduguri, Borno State. *Researchgate*, 19(3), 2014, 33-41.

Zehir, Sehitogl, and Erdogan<sup>3</sup>, Zafar and Pinar <sup>4</sup>, Management Development Institutions (MDIs) success has attracted global attention due to the degree of unprecedented change and intense competition in capacity building and the increasingly volatile and complex working climate Singh, Oberoi & Ahuja,<sup>5</sup> Rhema and Saeed<sup>6</sup>. Which gave rise to the questions as follows: do firms with committed workers get more productive? Researchers have predicted that the relationship between employee attitudes and organizational performance is complex, and it is too simplistic to conclude that attitudes to satisfaction lead to improved organizational results – some do and some do not, and some employee attitudes are obviously the product of the culture of organizations Peace & Mohammed<sup>7</sup>

According to the Administrative Staff College of Nigeria (ASCON Annual Report<sup>8</sup>) MDIs are government-based agencies in Nigeria saddled with the burden of building adequate human resources to boost national economic growth. Public sector organizations, according to Ricardo and Rozaine<sup>9</sup>, are generally large hierarchical bureaucracies, preferred stability, and steadiness that enhance high loyalty to any sort of alteration in the performance of their duties. Public service sector output is affected by bureaucratic structure, red tape, inefficiency, lack of flexibility and inadequate transparency (Ostraff,<sup>10</sup>; Siddique,<sup>11</sup>).

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<sup>3</sup> C. Zehir; Y. Sehitoglu, & E. Erdogan, The effect of leadership and supervisory commitment to organizational performance 8<sup>th</sup> International strategic management conference. *Procedia - Social and Behavioral Sciences Published By Elsevier Ltd*, 58, 2012, 207 – 216.

<sup>4</sup> A.A. Zafer, & A. Pinar, The effect of organisational culture and innovativeness on business performance in healthcare industry. 8th International strategic management conference. *Procedia - Social and Behavioral Sciences Published By Elsevier Ltd*, 58, 2012, 683 – 692.

<sup>5</sup> D. Singh; J. Oberoi, & I. Ahuja, An empirical investigation of dynamic capabilities in managing strategic flexibility in manufacturing organizations. *Management Decision*, 51(7), 2013, 1442-1461.

<sup>6</sup> K.U. Rehman, & Z., Saeed, Impact of dynamic capabilities on firm performance: Moderating effect of organizational competencies. *Sukkur IBA Journal of Management and Business*, 2(2), 2015, 18-40.

<sup>7</sup> Ibid

<sup>8</sup> Administrative Staff College of Nigeria (ASCON), (2010). Annual report.

<sup>9</sup> B. Ricardo, & A.H. Rozaine, Corporate entrepreneurship among the public sector organizations in Labuan. *Faculty of Economics and Business, Universiti Malaysia Sarawak (Unimas) Working Paper Series No. 1110*, 2011.

<sup>10</sup> F. Ostraff, Change management in Government. *Harvard Business Review*, 2006, 141-147.

<sup>11</sup> N.A. Siddiquee, Public management reform in Malaysia: Recent initiatives and experiences. *International Journal of Public Sector Management*, 19(4), 2006, 339-358.

According to Zampetakis and Moustakis,<sup>12</sup> changing public bureaucracies can be daunting due to vested interest and leadership contradictions that lead to difficulties in the implementation of effective systems in public agencies, and more so, consumers become more demanding for comprehensive services from the same organization. This will mean a modern and distinct definition of improved service. Javad, Alireza, and Yaghoob<sup>13</sup> stressed that conventional organizations are no longer able to meet the growing needs of the business world today. Thus, it will require organizations that can adapt rapidly to changes in the environment and also have the necessary capacity to incorporate improvements, creativity and quality improvement within the institutional strategies to survive the demands of the business world. Ojokuku and Adegbite<sup>14</sup> claimed that among MDI's mandates is the preparation and growth of public servants, but the technological progress that occurs every day makes the skills and methods of today inadequate for the activities of tomorrow.

Therefore, aggressive steps to align people with processes and create a viable structure from which to effectively and satisfactorily deliver desired rates of service in cost-effective ways are needed. Conceptualizing MDI performance as to achieve the desired outcome was hindered by the fact that most organizations failed to concentrate adequate attention on building adequate capacity among their workforce thereby inhibiting performance rate. Another factor which could affect MDI's operational strategies and efficiency is the degree of commitment of employees. Commitment is an important component for the success of training institutions; while various attempts to create individual commitment to the public institution have often been ineffective, and the institutional commitment to drive performance has often been inefficient and this ability has been underused. Inability to produce sufficient internal revenue (IGR) and retain existing structure and prolong anomalies in the operating system has resulted in institutional identity failure and thus non-recognition,<sup>15</sup> (Arslan & Cevher)

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<sup>12</sup> L.A. Zampetakis, & V., Moustakis, Entrepreneurial behaviour in the Greek public sector. *International Journal of Entrepreneurial Behaviour and Research*, 13(1), 2007, 9-38.

<sup>13</sup> Y.M. Javad; K. Alireza, & M. Yaghoob, Organizational entrepreneurship and its impact on the performance of governmental organizations in the city of Mashhad. The 6th Indonesia International Conference on Innovation, Entrepreneurship and Small Business. *Procedia - Social and Behavioral Sciences*, 169, 2015, 75 – 87.

<sup>14</sup> R.M. Ojokuku, & T.A. Adegbite, The impact of capacity building and manpower development on staff performance in selected organisations in Nigeria. *International Journal of Economics, Commerce and Management United Kingdom*, 5(6), 2014, 23-38.

<sup>15</sup> E.T. Arslan, & E. Cevher, Intrapreneurship enablig organizations to drive innovation, *Brunel Business School – Doctoral Symposium*. Turkey, 2013.

Vijay and Michael<sup>16</sup>; Lo, Ramayah, and Min,<sup>17</sup> have identified that for more than four decades, large numbers of studies have been conducted to examine the idea of commitment, although less or less attention has been paid to the mechanisms by which commitment evolves.

Riyaz and Shabnam<sup>18</sup> argued that there is reason to believe that workers today can find the idea of commitment less important than it once was. The unwritten loyalty contract between workers and employers that existed 30 years ago has been severely weakened, and the notion of workers sticking with a single company for most of their careers has become increasingly obsolete, causing under-performance of employees and high turnover of labor. Javad, Alireza, and Yaghoob<sup>19</sup> claimed that government units are bureaucratic and that their conservative nature has limited the discretionary work effort (DWE) power and weakened MDI efficiency due to a lack of employee commitment. It was also realized that the form of structures, the prevailing culture of bureaucracy, and conventional practices impede the DWE that employees in government and public training institutions would show,<sup>20</sup> (Sadler). Likewise, it has a detrimental effect on the criteria of the governing bodies for performance standards<sup>21</sup>, (Ekpudu, Aigbepue, Stephen & Olabisi). Could it be inferred then that employee engagement may have an impact on the relationship between institutional strategies and the performance of selected MDIs in Nigeria? From the introduction, other sections would include reviewing the literature, the methodology, analyzing the data, presenting and explaining the findings and ending with recommendations.

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<sup>16</sup> I. Vijay, & B. Micheal, The Indian legal profession in the age of globalization. *Procedia Economics and Research*. 39(1). 2012, 6-27.

<sup>17</sup> M. Lo; T. Ramayah, & H.W. Min, Leadership styles and Organizational Commitment: A test on Malaysia manufacturing industry. *African Journal of Marketing Management*, 1(6), 2009, 133-156.

<sup>18</sup> A.R. Riyaz, & Z. Shabnam, Affective commitment: An empirical study of executive and non-executive bank employees. *Global Journal of Management and Business Research Interdisciplinary Volume 13(7)*, 2013, 1.0

<sup>19</sup> Ibid

<sup>20</sup> Sadler- Smith, "Organizational learning style and competences: A comparative investigation of relationship and transactionally orientated small UK manufacturing firms", *European Journal of Marketing*, 34(5/6), 2000, 625-642,

<https://doi.org/10.1108/03090560010321965>

<sup>21</sup> J.E., Ekpudu; S., Aigbepue, & J.O., Olabisi, Appraisal of strategic alliances and corporate effectiveness. *An International Multidisciplinary Journal, Ethiopia*, 7(1), 2013, 155-164.

## Literature review

### Institutional strategies (is)

Chris and Mia<sup>22</sup> conceptualized institutional strategy as a holistic collection of strategies and activities designed to exploit and form socio-political and cultural structures to sustain or improve the competitive position of an entity. Institutional strategy at its simplest is a mechanism that integrates a series of actions that form the strategic vision or help execute the strategy of a company. Or put it another way, it drives new and expected approaches. The main consequence of the idea of strategic strategies, therefore, is that companies compete not only in terms of their ability to enable and leverage their existing resources but also in terms of their ability to refresh and expand them,<sup>23</sup> (Micheal, Simon & Jill). According to Oliver<sup>24</sup>, Javad, Alireza, and Yaghoob<sup>25</sup>, the idea of considering institutional strategies was born out of the inefficiency in performance of government institutions, presence of bureaucracy and the attitude of people and governments about the nature of government institutions on the premise of applying only one strategy. A deliberate institutional strategy will entail a firm working actively to carry out institutional frameworks that support its own strategic role. The evolving institutional strategy will therefore entail a pattern of organizational behavior that affects or impacts institutional structures while being related to some other intentions. Of example, this may be the case where a software firm reacts to specific consumer needs by creating a series of popular products that establish de facto market standards over time<sup>26</sup> Maja. It is obvious that the use or adoption of performance improvement approaches was initially only widespread among larger firms and multinationals before the rate of error threats, costly errors and even economic failure now forced the organizations of today to take strategic management seriously in order to keep their firms competitive leading to performance differences among firms in an increasingly volatile

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<sup>22</sup> M. Chris, & R. Mia, Institutional strategies in emerging markets. *The Academy of Management Annals*, 9(1), 2015, 291–335.

<sup>23</sup> H. Micheal; P. Simon, & R. Jill, (2011). Policy making in the real world evidence and analysis. Retrieved 22<sup>nd</sup> February, 2017 from <http://www.civilservice.gov.uk/my-civil-service/networks/professional/policy-profession/policy-skills-framework.aspx>

<sup>24</sup> C.P. Oliver, Critical aspects in the strategic management theory. 8<sup>th</sup> International strategic management conference. *Procedia Social and Behavioral Sciences*, 58, 2012, 98–107.

<sup>25</sup> Ibid

<sup>26</sup> S. Maja, Compilation of operational and strategic agility for ensuring the highest efficiency of company operations. *Economics and Management*, 7(2), 2015, 20-25.

environment<sup>27</sup>, (Madagamage, Warnakulasooriya & Wickramasuriya). This study categorized institutional strategies as strategic agility (SA), strategic flexibility (SF), strategic alliance (SAL), and strategic planning (SP). The various strategies can be viewed as the integrated form of activities with specified actions directed towards the achievement of the organizational goals and objectives.

### **Performance of MDIs**

Aremu and Oyinloye<sup>28</sup> described organizational performance as measuring actual outputs or outcomes against their intended outputs (expected). However, institutional success means different things for different organizations. An institution can use several parameters to measure its performance. Many MDIs are non-profit, however, and can use any of the following metrics to measure their performance: number of staff, number of subscribers, number of market-driven services, physical growth (liaison office), quality of their services, patronage level, and financial sustainability among other parameters. Because improving an institution's productivity is necessary for its survival in the competitive environment, the aim of all productivity-related efforts is to bring about lasting improvements in management development institutions' performance,<sup>29</sup> (Richard).

James, Grace, Patrick and Oluwatobilola<sup>30</sup> interpret the concept of performance as the idea of a organization focused on the mutual association of productive assets as human, physical, and capital resources for the purpose of attaining defined objectives and generating value. Organizations should then assess their performance using financial metrics that include earnings, return on assets, return on investment and revenue, and non-financial indicators that concentrate on issues related to customer satisfaction and referral levels, delivery time, waiting time, and turnover of employees. Performance is something that all institutions aim

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<sup>27</sup> G.T. Madagamage, B.N.F., Warnakulasooriya1, & H.V.A., Wickramasuriya, Factors influencing motivation to transfer training: An empirical study of a government sector training program in Sri Lanka. *Tropical Agricultural Research*, 26(1), 2014, 12 – 25.

<sup>28</sup> M.A. Aremu, & O.O., Oyinloye, Relationship between strategic management and firms' performance in Nigerian banking industry. *Kuwait Chapter of Arabian Journal of Business and Management review* 14(3), 2014.

<sup>29</sup> F. Richard, Strategic planning and the Nigeria University system innovation project discussion paper. *Nigeria University System Innovation Project* (NUSIP), 2000.

<sup>30</sup> U.M. James, G.O. Akinola, P. Ologbenla, & O.K. Aladeraji, Strategic management and firm performance: A study of selected manufacturing companies in Nigeria. *European Journal of Business and Management*, 7(2), 2015, 12-32.

for, irrespective of their size, according to Muya and Wesonga<sup>31</sup>, because institutions want to get large, and smaller institutions want to get bigger. Consequently, institutions will expand at least a bit each year to meet the increased training needs that arise over time. Nonetheless, he added that performance is a wider measure that the service delivery should involve profitability, quality and continuity. The researchers have found that different institutions often mean different things to institutional performance. One institution may use parameters to measure its performance. If profitability is the primary objective of any organization, these organizations should assess their performance in terms of net profits, sales, and other financial achievements. Nonetheless, most government-led for-profit training institutions that use one of the following metrics to measure their performance: number of employees, number of trained participants, number of market-driven programs, geographic growth, quality of their training programs, increased market share, financial sustainability among other parameters.

Ultimately, an institution's quality and efficiency can be determined by how well an organization performs with respect to the goals it has set for itself<sup>32</sup> Richard. Performance metrics can discuss the type or level of program of activities performed and services provided by a program (outputs) and/or the outcomes of those services. Any task, initiative, feature or policy that has an identifiable intent or set of objectives can be a program. For the purposes of this review, program is referred to as the method by which these MDIs conduct training.

### **Employees Commitment (EC)**

In the literature, the idea of commitment was well known as a critical tool for developing a relationship, gaining client patronage, satisfaction, and frequency of potential patronage. Rai and Medha<sup>33</sup> have described commitment in service customer relationship as a significant or explicit commitment to the continuity of relationships between exchange partners. Akintayo<sup>34</sup> and Tumwesigye<sup>35</sup> indicated that one of the reasons why

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<sup>31</sup> J.N. Muya, & J.N. Wesonga, The impact of organisational culture on performance of educational institutions. *International Journal of Business and Social Science*, 3(8), 2012, 12-25.

<sup>32</sup> Ibid

<sup>33</sup> A.K. Rai, & S. Medha, The antecedent of customer loyalty: An empirical investigation in life insurance context. *Journal of Competitiveness*, 5(2), 2013, 139-163.

<sup>34</sup> D.I. Akintayo, Work-family role conflict and organizational commitment among industrial workers in Nigeria. *Journal of Psychology and Counselling*, 2(1), 2010, 1-8.

<sup>35</sup> G. Tumwesigye, The relationship between perceived organizational support and turnover intentions in a developing country: The mediating role of organizational commitment. *African Journal of Business Management*, 4(6), 2010, 942-952.

research on commitment has attracted attention is that companies rely on committed workers to build and retain competitive advantage and achieve superior performance. Employee commitment is a psychological state where an employee intends to continue a relationship with his existing employer. It is an enduring disposition or desire for a particular firm and represents the extent to which individuals as members of an organization are emotionally connected to such an organization, sustained by continuous desire. Eyre<sup>36</sup> writing on the three component model of commitment developed by Meyer and Natali in 1991 explains that employees' commitment to an organization is a psychological state, which affects how people feel about the organization they deal with. The three components are affection for the job (affective commitment), fear of loss (continuance commitment), and a sense of obligation to stay (normative commitment). Affective commitment is when employees have strong emotional attachment to their organization and the work they do. It describes the tendency and propensity to identify with the firms goals, values and the feelings to remain with the organization. Riyaz and Shabnam<sup>37</sup>; Varsha and Monika<sup>38</sup> also described three dimensional model of commitment which are; Affective, Continuance and Normative. The researchers said Affective Commitment is based on how much individual 'want' to remain in the organization. Continuance Commitment refers to an awareness of the costs associated with leaving the organization. Normative Commitment reflects a feeling of obligation to continue employment as such feel that they ought to remain with the organization.

### **Institutional strategies, performance of MDIS and employee commitment**

Previous strategic studies have stressed the importance and need to recognize environmental factors in institutions when developing and implementing institutional strategies<sup>39</sup> (Acemoglu, Johnson & Robinson. Based on a study of academic research papers and survey, Varsha and Monika<sup>40</sup> studied employee commitment and its effect on sustained productivity in Indian auto-component industry. The primary data was gathered through questionnaires. The secondary data was used to classify

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<sup>36</sup> E. Eyre, *The Three Commonest Model of Commitment* www. Mindtools.com, 2015.

<sup>37</sup> Ibid

<sup>38</sup> D. Varsha, & B. Monika, A Study about Employee Commitment and its impact on Sustained Productivity in Self-Renewal. *International Journal of Human Resources Studies*. 2(2), 2012, 20-29.

<sup>39</sup> D. Acemoglu; S. Johnson, & J.A. Robinson, Colonial origins of comparative development: An empirical investigation. *American Economic Review*, 2010, 91.

<sup>40</sup> Ibid



Indian auto component industry's commitment related problems. The three levels of commitments were taken as independent variables, and the dependent variable maintained performance. Findings: The study findings suggested that the commitment of the employees (Affective, Normative, Continuous) is strongly linked to sustained performance in the Auto Component industry. Research results show that there is a positive interaction between the organization's three levels of commitments- affective, ongoing, and normative commitment, and sustained performance. Tests have also shown that there is a strong degree of association between the three independent variables and the dependent variable's sustained performance. In Jo, Marcel and Jose's<sup>41</sup> research, promoting employee skills in the education sector by means of interview survey process, suggested that in order to achieve commitment, i.e. win people over to function in a particular direction, it is important to be transparent about expectations and goals, but at the same time about organizational requirements and boundaries that determine the space in which one can operate.

### **Methodology**

This study adopted the correlational survey research design. This was used because it helps to determine the degree or level of relationship or association that exists between the variables under consideration. The adoption of this design is consistent with the studies of Johnson,<sup>42</sup> Isaac<sup>43</sup>: Aremu, and Oyinloye<sup>44</sup>: and Muogbo,<sup>45</sup>. The population of this study as at the time of this research was one thousand, three hundred and forty four (1,344) comprising the faculty staff and administrative staff in the various units in the five selected Management Development Institutions (MDIs) in Nigeria. The five MDIs are: Administrative Staff College of Nigeria (ASCON), Centre for Management Development (CMD), Agricultural and Rural Management Training Institute (ARMTI), and Public Service Staff Development Center (PSSDC) and Public Service Institute of Nigeria (PSIN). The selection was based on their long standing in terms of training

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<sup>41</sup> Jo.B, V.K., Marcel & J., Jose, (2013) Fostering intrapreneurial competencies of employees in the education sector. *International Journal of Training and Development*, 17 (3), 1360-3736 doi: 10.1111/ijtd.12010.

<sup>42</sup> S.L. Johnson, Research and statistics: A question of time, Cross-sectional versus longitudinal study designs. *Pediatrics in Review*, 31, 2010, 250-252.

<sup>43</sup> Isaac, Algorithms and computation: 25<sup>th</sup> *International Symposium, Jeonju, Korea 15 – 17December proceedings*. 2014.

<sup>44</sup> Ibid

<sup>45</sup> U.S. Muogbo, The impact of strategic management on organisational growth and development: A study of selected manufacturing firms in Anambra State. *IOSR Journal of Business and Management*, 7(1), 2013, 24-32.

and performance since their time of establishment, they are also involved in training the lower, middle and senior level officers of both public and private sector as against the non selected MDIs.

The Krejcie and Morgan's (1970) table for sample size determination was used in this study with a significant level of 5% and an error of 30% to arrive at a sample of 398 selected from the five MDIs. The simple random sampling method was adopted so as to ensure that all the potential respondents get equal chance of being selected<sup>46;47</sup> Asika; Molliegeorgious. The adapted questionnaire was informed from different studies (Mahiah, Suhaimi, & Ibrahim,<sup>48</sup> Hyytinen, Outi, Salminen, & Katja,<sup>49</sup>; Ugochukwu, & Madu,<sup>50</sup>; Wael, & Methaq<sup>51</sup>; Oyedijo,<sup>52</sup>; Madagamage, Warnakulasooriya<sup>1</sup>, & Wickramasuriya,<sup>53</sup> ensuring the constructs with sections on institutional strategies, employees commitment and performance of MDIs following the modified six-point Likert scale type from Very high (coded 6) to Very low (coded 1) as response.

To ascertain the validity of the instrument, it was subjected to content, construct and face validity. The construct determined by using confirmatory factor analysis, the Average Variance Extracted (AVE) > 0.5, from the analysis average variance explained for all the variables are greater than 0.5, hence the construct validity of all variable involved in the study were therefore ascertained and the Cronbach's Alpha value is 0.7 or 70% and above. Since the values range from 0.711 to 0.952 as established by Nunnaly (1978) the instrument is therefore considered reliable for either adoption or adaption. Therefore, the operationalization of variables

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<sup>46</sup> N., Asika, *Research methodology in the behavioural sciences (Revised edition)*. Lagos: Longman Nigeria Plc. 2009.

<sup>47</sup> Molliegeorgious, Correlational research methods and techniques. Retrieved 13<sup>th</sup> November, 2017 from <https://getrevising.co.uk>, 2015.

<sup>48</sup> S., Mahiah, Suhaimi, & A., Ibrahim, Measuring the level of customer satisfaction among employees of human resource division. *Advances in Global Business Research*, 3 (1), 2006, 1549-9332.

<sup>49</sup> O. Hyytinen, & K., Salminen, Psychological ownership and entrepreneurial drive at the Jyväskylä City Catering Unit. *University of Jyväskylä, School of Business and Economics*, 2007.

<sup>50</sup> O.M., Ugochukwu, *The impact of compensation practices on intrapreneurial behaviour*. Johannesburg University of Jyväskylä, School of Business and Economics, 2011.

<sup>51</sup> S.I. Wael-Mohamad, & K.A. Methaq-Taher, Examining the impact of strategic learning on strategic agility. *Journal of Management and Strategy*, 4(2), 2013, 56-67.

<sup>52</sup> A. Oyedijo, Strategic agility and competitive performance in the Nigerian telecommunication industry: An empirical investigation. *American International Journal of Contemporary Research*, 2(3), 2012, 23-47.

<sup>53</sup> Ibid

alongside the dependent, moderator and independent variables and the data was analysed using hierarchical regression analysis.

X = Independent Variable

Y = Dependent Variable

Z = Moderating variable

Where:

X = Institutional Strategies (IS)

Y = Performance (P)

Z = Employee commitment (EC)

Where:

X = (x<sub>1</sub>, x<sub>2</sub>, x<sub>3</sub>, x<sub>4</sub>,)

x<sub>1</sub> = Strategic Agility (SA)

x<sub>2</sub> = Strategic Flexibility (SF)

x<sub>3</sub> = Strategic Alliance (SAL)

x<sub>4</sub> = Strategic Planning (SP)

Y = Level of patronage (LOP)

Y = f(X, Z). ..... Functional Equation

P = f(IS, EC)

IS = (SA, SF, SAL, SP)

Therefore; P =  $\beta_0 + \beta_1 IS + \beta_2 EC + \beta_3 IS*EC + e$  :...Model of the study

### Where:

P: Performance

IS: Institutional Strategies

SA: Strategic Agility

SF: Strategic Flexibility

SAL: Strategic Alliance

SP: Strategic Planning

EC: Employee commitment

IS\*EC = Interaction between Institutional Strategies and Employee commitment

$\beta_0$  = constant of the equation or constant term

$\beta_1 - \beta_3$  = Parameters to be estimated

e = error or stochastic term

Institutional strategies (SA, SF, SAL, and SP) concepts relates to explain the stimulating of MDIs performance with employees commitment seen as moderating the relationship. Hence the assumption as ( $\beta_0 + \beta_1 IS + \beta_2 EC + \beta_3 IS*EC + e$ ). The apriori expectation is that, it is expected that employee commitment will have a significant moderating effect on the relationship between institutional strategies and performance of MDIs.

Therefore, if the results indicate a  $p < 0.05$ ; and  $\beta_1 \neq 0$  (where  $\beta_1$  represents  $\beta_1, \beta_2, \beta_3$ ); the hypothesis would be rejected.

Ethical consideration was ensured as the researcher made a concerted effort to ensure that confidentiality was maintained, by disallowing respondent's name to be written. All information provided was considered sensitive, classified and used only for the purpose of the research study. Data were not exposed to persons not involved in the research process, while also ensured the avoidance of plagiarism. Participation in this research was voluntary and research participants had the right to withdraw at any time of their choice.

### **Data analysis, results and discussions**

The objective of this study was to determine the moderating effect of employee commitment on the relationship between institutional strategies and performance of MDIs in Nigeria. By combining responses under strongly agree, agree and partially agree, 307 respondents representing 87.7% agreed that they would continue to work for their organization because they felt obliged, as Bentein, Stinglhamber and Vanderberghe<sup>54</sup> also observed in there study. The hypothesis was tested using hierarchical multiple regression analysis. The results of the analysis are presented in Tables below.

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<sup>54</sup> K., Bentein; F., Stinglhamber, & C., Vandenberghe, Organization, supervisor, and workgroup-directed commitments and citizenship behaviours: A comparison of models. *European Journal of Work and Organizational Psychology*, 11(3), 2010, 341-362.

## Moderating effect of employee commitment on the relationship between institutional strategies and performance of MDIs

(a) Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df2	Sig. F Change	
1	.358 <sup>a</sup>	.128	.118	21.58641	.128	12.465	4	339	.000
2	.389 <sup>b</sup>	.152	.139	21.32723	.023	9.290	1	338	.002
3	.395 <sup>c</sup>	.156	.141	21.30675	.004	1.650	1	337	.200

**a. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility**

**b. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility, Employee Commitment**

**c. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility, Employee Commitment, Employee Commitment\* Institutional Strategies**

(b) ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23233.661	4	5808.415	12.465	0.000 <sup>b</sup>
	Residual	157964.897	339	465.973		
	Total	181198.558	343			
2	Regression	27459.007	5	5491.801	12.074	0.000 <sup>c</sup>
	Residual	153739.551	338	454.851		
	Total	181198.558	343			
3	Regression	28208.064	6	4701.344	10.356	0.000 <sup>d</sup>
	Residual	152990.494	337	453.978		
	Total	181198.558	343			

**a. Dependent Variable: Performance**

**b. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility**

**c. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility, Employee Commitment**

**d. Predictors: (Constant), Strategic Plan, Strategic Agility, Strategic Alliance, Strategic Flexibility, Employee Commitment, Employee Commitment\* Institutional Strategies**

(c) Coefficients <sup>a</sup>		Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
1	(Constant)	38.016	9.631			3.947	0.000
	Strategic Agility	0.315	0.258	0.076		1.224	0.222
	Strategic Flexibility	0.740	0.318	0.164		2.330	0.020
	Strategic Alliance	0.473	0.306	0.104		1.545	0.123
	Strategic Plan	0.637	0.296	0.119		2.153	0.032
2	(Constant)	27.093	10.167			2.665	0.008
	Strategic Agility	0.273	0.255	0.066		1.072	0.285
	Strategic Flexibility	0.569	0.319	0.126		1.785	0.075
	Strategic Alliance	0.348	0.305	0.076		1.142	0.254
	Strategic Plan	0.513	0.295	0.096		1.739	0.083
3	Employee Commitment	0.981	0.322	0.171		3.048	0.002
	(Constant)	-33.529	48.275			-695	0.488
	Strategic Agility	0.208	0.260	0.051		.802	0.423
	Strategic Flexibility	0.538	0.319	0.120		1.685	0.093
	Strategic Alliance	0.378	0.306	0.083		1.236	0.217
a. Dependent Variable: Performance	Strategic Plan	0.517	0.295	0.097		1.754	0.080
	Employee Commitment	3.489	1.979	0.609		1.763	0.079
	Employee Commitment*Institutional Strategies	0-.022	0.017	-0.438		-1.285	0.200

Source: Author's computation: Field Survey Results, 2017

To test the moderating effect of the employee commitment on the relationship between institutional strategies and performance of MDIs, three regressions model were used as recommended by<sup>1</sup> Mugenda, & Mugenda. In the first model, institutional strategies were regressed on performance. In the second model, employee commitment was regressed on performance. However, in the third model, institutional strategies, employee commitment, and the interaction of institutional strategies and employee commitment were regressed on performance.

The summary of the moderating effect employee commitment on the relationship between institutional strategies and performance of MDIs show that the correlation coefficient (R) of institutional strategies is 0.358, when the parameter of employee commitment is added it increases to 0.389, with addition of the parameter of the interaction of institutional strategies and employee commitment it further increased to 0.395. This reveals that the correlation between institutional strategies, employee commitment and performance of MDIs is weak. The results further indicate that there are different variations in performance of MDIs accounted by institutional strategies and employee commitment. The coefficient of determination,  $R^2 = 0.156$  explains that 15.6% of the variations of performance of MDIs have been explained by the variables of institutional strategies, employee commitment and the interaction of institutional strategies and employee commitment. 84.4% of the variations are explained by other factors, which are not part of this study. The conclusion is that the regression model for the institutional strategies does not have a good fit. When parameter of employee commitment is added, the change of the coefficient of determination ( $\Delta R^2$ ) increased by 2.3%. With a further addition of the parameter of the interaction of institutional strategies and employee commitment the percentage of variability accounted for reduction to 0.004 ( $\Delta R^2$ ).

The regression equation explaining the result of the analysis is expressed as follows;

$$P = \beta_0 + \beta_1 IS + \beta_2 EC + \beta_3 ISEC + e: \dots\dots\dots$$

$$\text{Performance} = -33.529 + 0.051SA + 0.120SF + 0.083SAL + 0.097SP + 0.0609EC - 0.438E C^*IS \dots\dots\dots \text{Equation}$$

The corresponding F-ratio for the model, institutional strategies F-ratio is 12.465. When the parameter of employee commitment is added, the change in F-ratio is 12.074, with a further addition of the parameter of the interaction of institutional strategies and employee commitment the

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<sup>1</sup> O.M. Mugenda, & A.G. Mugenda, *Research methodology (2<sup>nd</sup> edn)*. Research Methods; Quantitative and Qualitative Approaches. Nairobi Acts Press, 2008.

change in F- ratio is 1.650. The corresponding p-value for the model, institutional strategies is significant ( $p < 0.05$ ). When the parameter of employee commitment is added model two is also significant ( $p < 0.05$ ), with a further addition of the interaction of institutional strategies and employee commitment Model 3 is not significant ( $p > 0.05$ ). Moreover, change in coefficient of determination and regression model fit ( $Adj.R^2 = .141$ ,  $F_{(4,339)} = 1.650$   $p > .05$ ) reveals that there is no significant moderating effect of employee commitment on the relationship between institutional strategies and performance of MDIs. Therefore, the null hypothesis ( $H_0$ ) which states that there is no significant moderating effect of employee commitment on the relationship between institutional strategies and performance of MDIs cannot be rejected.

### **Discussion**

This study tested the moderating effect of employee commitment on the relationship between IS and performance of the selected MDIs in Nigeria. The result reveals that there is no significant moderating effect of employee commitment on the relationship between institutional strategies and performance of MDIs.

Although employee commitment characterized by (affective, continuance and normative) has significant effect on IS. But in the interaction between IS and performance of the selected MDIs, employee commitment does not have any significant moderating effect. This may be because, the practice of IS particularly the aspect of strategic planning and strategic alliance which can be directly applied to operations in responds to environmental dynamics are beyond the control of employees when compared to strategic agility and strategic flexibility that are supportive functions which need employees to enhance the reactions and speed for improved performance of the selected MDIs in Nigeria. This finding substantiates the finding of Ergülen<sup>2</sup> who demonstrated in his study that organizational climate was significantly related to individuals' organizational attachment, organizational identification and organizational commitment. The commitment drive in employees can be disoriented and damaged if there are any inconsistencies, sporadic enthusiasm or lack of commitment of the top management. Managerial commitment appears to be the key for addressing the challenges which require a high degree of institutional propensity.

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<sup>2</sup> G.K. Ergülen, Influence of leader member exchange quality on organizational attachment around the organizational climate perspective in family-owned business. Unpublished Master Thesis, Marmara University, Social Sciences Institute, Department of Organizational Behavior, Istanbul, 2011.



Considering the work of Peace, and Mohammed<sup>3</sup>, it was established that the relationship between employee commitment and performance has been widely studied though mostly at the individual level and commonly in cross sectional studies, yet the debate about workers' performance remained inconclusive, which now gave rise to the questions as: do firms with committed workers more productive? Researchers have predicted that the relationship between employee attitudes or commitment and vis-a-vis performance is complex. According to Bentein, Stinglhamber and Vanderberghe<sup>4</sup>, employees who are rewarded by their organizations for greater achievement tend to be more committed to the organization; compared to the employees who are under the influence of their superior that can win their loyalty than the organization. Even though there are different types of commitment, commitment to superior is the most influential.

Previous studies on strategy have emphasized the relevance and the need to consider institutions environmental factors particularly employee commitment in the adoption and implementation of institutional strategies<sup>5</sup> (Acemoglu, Johnson & Robinson. Varsha and Monika<sup>6</sup> studied employee commitment and its impact on sustained productivity in Indian auto-component industry based on a review of academic research papers and survey. The primary data were collected through questionnaires. The secondary data were used for identifying the commitment related problems of Indian auto component industry. The three commitments levels were taken as independent variables and sustained productivity as the dependent variable. Findings: The results of the study indicate that the employees' commitments (affective, normative, and continuous) are significantly related to sustained productivity in Auto component industry.

Although the result on this study shows that employee commitment is insignificant on the relationship between institutional strategies and performance of selected MDIs in Nigeria, but this is at variance with the finding of Khyzer, Zulfiqar, Noman, and Wasim<sup>7</sup> that researched on impact of employee commitment on organizational performance and concluded that there is a moderate level of interdependence between organizational performance and employee commitment. Employees' commitment deals with the extent to which the people responsible for the attainment of the organizational goal can go in ensuring that they stay true to duty in terms

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<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> Ibid

of commitment and participation. Similarly, the work of Jo, Marcel and Jose<sup>8</sup>, on fostering employees competencies in the education sector, it was suggested that in order to build commitment, that is; win people over to work in a particular direction, it is necessary to be clear about plans and ambitions but at the same time about organizational conditions and boundaries that demarcate the space in which one can operate. Even though the result obtained in this analysis was not significant, this does not mean it is not important, yet there is need for improvement. Based on the finding of this study and the opinion of other researchers, it is therefore the researcher's opinion that institutional performance can be enhanced by involving employees in decision making that will ultimately increase their commitment in the organization. Also, it is however for the analysis of this study alone that the moderating effect of employees' commitment is insignificant. When management are committed to all that they do in the organization it will engender good followership in the employees so they also become committed to organizational tasks that could bring about improved performance.

### **Conclusion and recommendations**

This study examined the moderating effect of employee commitment on the relationship between institutional strategies and performance of selected MDIs in Nigeria. The results showed that there is no significant moderating effect on the relationship between institutional strategies and performance of the selected MDIs in Nigeria. However, this does not reduce the relevance; it is though for this analysis study alone its insignificant. It is pertinent to reiterate the fact that the ability to enhance IS is predicted on an institution deliberate effort to increase its operation and thereby achieve predetermined goals. This study, therefore, concluded that the practice of institutional strategies affects the operational performance of the selected MDIs in Nigeria positively and significantly.

Based on the findings of the study, it would be recommended that mmanagers or top executives should ensure that they give in their best in terms of commitment. For the performance level in MDIs to be enhanced, there should be a high level of commitment in the affairs and activities of the various institutions. Although the result in this study is insignificant, yet the management should not relax and believe that employees will do the job needed, rather they should be proactive in ensuring that they themselves lead by example because this will help employees to flow with trend of actions that are expected from them.

The findings of this study could also have been affected by the environment in which the study was conducted, therefore, limit the

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<sup>8</sup> Ibid

generalization in other environment. Hence, this study suggests for further studies be conducted to examine the role of strategic flexibility and institutional performance

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