



Affective Commitment and Organizational Performance of Pharmaceutical Companies in Enugu State, Nigeria

Agobua, Stanley Ndubuisi¹, Obi, Joseph O²

¹Department of Management Entrepreneurship Studies, Paul University, Awka, Nigeria

²Department of Accountancy, Federal Polytechnic, Oko, Nigeria

ABSTRACT

This study examined the effect of affective commitment on organizational performance, with particular emphasis on pharmaceutical companies in Enugu State, Nigeria. The study adopted descriptive survey research design. The population of the study consists. A sample size 46 was obtained from 241 staff of 19 Pharmaceutical companies in Enugu State, Nigeria. Data were obtained from the questionnaires distributed among the respondents. Regression analysis was used to test the hypothesis. The result revealed that affective commitment significantly affects organizational performance of Pharmaceutical companies in Enugu State. Consequently, the study recommended that management should build a coherent relationship with employees, so that people see themselves as an intrinsic part of the firm, which will result in improved performance and profitability.

Keywords: Affective commitment, Organizational performance and Pharmaceutical companies

Introduction

Human factors are critical in today's competitive business climate for businesses to establish a sustained competitive edge (Kaplan & Kaplan, 2018, Qaisar, Rehman & Suffyan, 2012). Employees who are committed to an organization make a bond with it, which improves its performance. They perform better and serve the organization better if they have an emotional connection to their job, connections with other employees, and the organization (Andrew, 2017; Yildirim, Acar, Bayraktar & Akova, 2015). This means that employee dedication is a factor in an organization's success to some level. Getting staff to commit is consequently critical for managers, but it may also be difficult.

Understanding the factors that influence employee commitment in banks and implementing human resource policies to increase commitment levels are critical to achieving corporate human resource objectives such as low absenteeism, low turnover intention, and low turnover rate, as well as increasing employee productivity and group performance (Tett and May, 2003; Guest, 2003; Abu-Baker, 2010). Affective, continuance, and normative factors/commitment are components of organizational commitment, according to Meyer and Allen (1991); however, organizational rewards system, supervisory support, favorable work conditions, and career development are specific determinants of organizational commitments (Nyugen, Mai and Nyugen, 2014; Khalid, Naeem and Khalid, 2016), promotion, training and development, fair performance appraisal, compensation, knowledge sharing, task orientation (Govindasamy and Jayasingam, 2009), work environment and work-life balance (Umamaheswari and Joice, 2020), and employee demographic dynamics (age, gender, family, educational qualification, income, tenure) are all factors that influence employee demographic dynamics (Ogba, 2008; Ogungbamila, 2014).

As a result, committed employees can improve the fortunes of the company by enhancing their work behavior. Nonetheless, much of the study in this field has taken place in wealthy countries, with emerging countries being overlooked (Udu & Ameh, 2016). To bridge this obvious research gap, the present study seeks to examine the effect of affective commitment on organizational performance, with particular emphasis on pharmaceutical companies in Enugu State, Nigeria.

Conceptual Review

Employee Commitment

Commitment is defined as a force that connects an employee warmly (emotionally), continuously (beneficially), and normatively (obligatorily) to accomplishing predetermined goals (Meyer, Becker and Van-Dick, 2006). Employee commitment, according to Ekiabor (2018), is "a feeling of dedication to one's employing organization, willingness to work hard for that employer, and intent to remain with that employer." Employee commitment, according to Sharma and Bajpai (2010), is an individual's decision to continue working for a company in a productive manner.

Employee dedication is, without a doubt, a critical aspect in attaining organizational success (Ogeniyi, Adeyemi & Olaoye, 2017; Nasiri, 2017).

Individuals with low levels of commitment will merely do what is necessary to get by. They do not put their hearts and souls into the organization's activities and mission. They appear to be more concerned with personal accomplishment than with the organization's overall success. People who are less dedicated tend to see themselves as outsiders rather than long-term members of the organization (Irefin &Mechanic, 2014). As a result, an appealing job offer elsewhere is very likely to cause them to leave. Employees with a high level of commitment to an organization, on the other hand, regard themselves as an intrinsic component of the organization. Anything that puts the organization in jeopardy also puts them in jeopardy. Employees that are creatively engaged in the organization's vision and values are always thinking of new ways to improve their work (Andrea, 2017). In essence, committed employees work for the organization as if the organization belongs to them. Ajadi andYussuf (2016) opined that committed employees are those who are morally bounded and are not likely to terminate their appointment with the organization prematurely.

Affective commitment

Employees' emotional tie to a company is referred to as affective commitment. Sanjo (2019) goes on to define affective commitment as the extent to which employees enjoy their participation and identify with the organization. Employees with affective commitment frequently "want to say" with their employers. Personal traits, structural characteristics, job-related qualities, and work experience all influence affective commitment (Mowday, Porter and Steers, 1982). Employees' emotional attachment and participation in the organization are measured by affective commitment. This shows that employees genuinely care about their workplace. In terms of identification, involvement, and emotional attachment, it demonstrates how much the individual identifies with the organization. Employees with high levels of affective commitment want to stay at their organization because of the positive sensations they get from their connection with it (Newman & Sheikh, 2012). High levels of effort performed by personnel with high degrees of affective commitment would lead to higher levels of individual and organizational performance and effectiveness (Sharma & Bajpai, 2010). Meyer and Maltin (2010) agree, as do Radosavljevic, Cilerdzic, and Dragic (2017).

Organizational Performance

Organizational performance is the foundation upon which organizations are built. Organizational performance is defined as the result of activities taken by employees using their talents in a given environment (Prasetya and Kato, 2011). Organizational performance is a combination of effort, capability, and task perception. Different variables can be used to assess organizational performance.

The ability of a company to have excess funds after covering its operating expenses in a certain period is referred to as profitability. The word profitability, according to Tulsian (2014), is made up of two words: profit and ability. Profit refers to the overall income made by the company over a given period of time, whereas profitability relates to the company's operating efficiency. Simply put, it refers to a company's ability to profit from its sales. It refers to an organization's ability to generate a suitable return on the capital and personnel invested in its operations.

Empirical Review

Employee commitment and organizational performance were investigated by Ikyanyon and Agber (2020). Employee commitment was defined as a three-dimensional notion that included affective, persistent, and normative commitment. The study used data from 248 respondents from a cement manufacturing firm in Nigeria to look at the impact of each of these commitment components on organizational performance. Questionnaires were used to collect data, and regression analysis was used to create and test hypotheses. The findings show that whereas affective and continuous commitment had a significant favorable effect on organizational performance, normative commitment had no such effect. Furthermore, affective commitment had the most positive impact on organizational performance among the three components of commitment.

Mohammed and Bolawa (2020) investigated if employee commitment in Old Generation Banks differs considerably from that in New Generation Banks in the Ilorin city, among other places. The population of the study is made up of employees of Deposit Money Banks in the Ilorin metropolitan, with 410 and 535 employees from Old and New Generation Banks, respectively. A simple random selection procedure was used to pick 146 and 191 Old and New Generation Bank employees, respectively, who were then polled using a closed-ended questionnaire instrument. To summarize the research data for additional statistical processing, the study used descriptive statistical methods such as percentages, mean, and standard deviation. The research hypotheses were also tested using the Mann-Whitney U-Test inferential statistical technique. The study discovered that there is no substantial difference between the Old and New Generation Banks in terms of employee loyalty to the business.

Umar and Cross (2020) looked into the relationship between motivational measures and employee work commitment in the banking sector, using First Bank of Nigeria plc as a case study. In order to generate and analyze data for the study, we used a qualitative research method. To come up with the study's findings and discussions, as well as recommendations, the qualitative data was examined utilizing content analyses based on the purposive sampling technique. During the research, it was discovered that motivation is still an important factor in increasing employee loyalty to the firm. However, most firms' employee loyalty has dwindled as a result of management's ineffective motivational strategies. The study also discovered that businesses are continuously looking for ways to boost employee commitment. However, due to a lack of effective communication channels, some of these businesses are unable to determine which type of motivation is still required to achieve organizational objectives.

Ehimen and Alegebe (2019) looked into the impact of staff dedication on the performance of a few fast food restaurants in Osun State. It looked at how employee commitment influences employee turnover as well as the elements that influence employee commitment. For this study, primary data was used, and respondents were chosen from the study area using a simple sampling approach. A questionnaire was utilized to collect data. A total of one hundred questionnaires were distributed to the selected respondents, with ninety-six being retrieved and deemed to be useful for analysis. Both descriptive and inferential statistics were used to analyze the data. Employee dedication is important to an organization's performance, according to the findings. Organizational performance was measured using profitability, increased sales, and increased customer patronage, and it was discovered that employee commitment influences profitability, increased sales, and customer patronage.

The Effect of Employee Commitment on Organizational Performance was investigated by Nwankwo, Orga, and Ugwu (2019). The study's goals include determining the relationship between employee commitments and organizational profitability, as well as determining the impact of employee

commitment on employee turnover. The survey research approach was used in this study. The data was gathered from primary and secondary sources. The questionnaire was the primary data collection tool. The data was organized into tables using frequencies and basic percentages, then inferential statistics were used to examine it. The chi-square distribution formula was used to test the hypotheses. There was a positive and substantial association between employee dedication and organizational profitability, according to the data, with the hypothesis one testing result revealing $\chi^2_{cal} = 52.46 > \chi^2_{tab} = (5.99)$. Employee commitment has a considerable impact on employee turnover, as evidenced by the hypothesis testing results: $\chi^2_{cal} = 62.36 > \chi^2_{tab} = (5.99)$. Employee commitment, the researchers concluded, is a vital determinant in achieving organizational success. The recommendations included the establishment of a coherent relationship between management and employees, so that employees view themselves as a vital part of the organization, as this will lead to improved performance and profitability.

Methodology

The study adopted descriptive survey research design since the primary objectives of the study is to examine relationship between variables. The population of the study consists of 241 staff of 19 Pharmaceutical companies in Enugu State (see appendix). A sample size 46 was obtained from a population of 241 using Borg and Gall (1973) formula as stated below:

$$n = (Za)^2 eN$$

Where:

n= sample size to be determined

Za = 95% confidence interval (1.960) at 5% level of significance

a = significance level (0.05)

e = margin of error which is 0.05

N = Entire population

N.B. Target population is 346

Substituting the population variables of this study into the formula above, the sample size can be computed as follows:

$$n = (1.960)^2 0.05 \times 241$$

$$n = (3.8416) (0.05 \times 241)$$

$$n = 3.8416 \times 12.05$$

$$n = 46$$

Method of Data Collection

The data was collected utilizing a direct approach method with ten (10) research assistants. This means that the surveys were given to respondents directly by well-informed research assistants who worked for the companies. The questionnaire was prepared in a structured format and consisted of generic questions with responses ranging from strongly agree (SA), agree (A), undecided (U), strongly disagree (SD), and disagreed (D), giving respondents the option of ticking the most perceived alternative.

Model Specification

The researcher specified the regression equation model, which took the following form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where:

Y = Performance (dependent variable)

X = Affective commitment (explanatory/independent Variable)

β_0 = constant term (intercept)

β_1 = Coefficients of performance

μ = Error term (stochastic term)

Explicitly, the equation can be defined as:

$$\text{Affective commitment} = f(\text{Organizational Performance}) + \mu$$

Representing the equations with the variables of the construct, hence the equations below are formulated:

$$OGP_{it} = \beta_0 + \beta_1 ATC_{it} + \mu_{it} \quad \dots \quad i$$

Where:

β_0 = Constant term (intercept)

β_{it} = Coefficients to be estimated for firm i in period t

μ_{it} = Error term/Stochastic term for firm i in period t

OGP_{it} = Organizational Performance i in period t

ATC_{it} = Affective commitment i in period t

Method of Data Analysis

To test the significant effect and the relationship between the dependent variable and independent variable, Regression analysis was used to test the hypothesis with the aid of SPSS version 20.0. at 5% level of significance.

Decision Rule:

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal to the alpha at 5% and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Data Analysis and Result

Data Presentation

Out of 46 copies of questionnaires distributed 41 were completed and returned. This represents 89%.

Table 1: Summary of the questionnaires for hypothesis testing

S/N	Statements	SA	A	Un	D	SD
1	The level of employee dedication has an impact on the organization's performance.	15	20	1	5	0
2	Productivity is a subjective term that varies every company.	10	26	0	5	0
3	Excess funds after covering operational expenses in a certain period are an indication of performance. It involves achieving a result of activities with labor skills. The business demonstrates operating efficiency.	11	22	0	7	1
4	Employees who are expected to execute at a greater level of efficiency and effectiveness.	14	27	0	0	0
5	Employees are delighted to be associated with their organizations' high levels of effort.	12	28	0	1	0
6	Employees' emotional attachment is constantly there. Employees are usually influenced by role clarity, goal clarity, and goal difficulty, among other factors.	14	20	0	6	1
7	The level of employee dedication has an impact on the organization's performance.	9	26	0	5	1
8	Productivity is a subjective term that varies every company.	11	20	0	9	1
9	Excess funds after covering operational expenses in a certain period are an indication of performance. It involves achieving a result of activities with labor skills. The business demonstrates operating efficiency.	15	21	1	4	0
10	Employees who are expected to execute at a greater level of efficiency and effectiveness.	12	25	0	4	0

Source: Field Survey, 2022

Test of Hypothesis

Ho: Affective commitment significantly affects organizational performance of Pharmaceutical companies in Enugu State

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995 ^a	.990	.987	6.02282

a. Predictors: (Constant), ATC

The Table 1 above shows that the coefficient of determination is $R^2 = 0.990$ and the Adjusted R^2 is 0.987. Adjusted $R^2 = 0.987$ implies that 98.7% of the variations in organizational performance of the sampled firms is influenced by joint interaction of affective commitment (ATC), while about 1.03% of the variance is explained by other factors not captured in the study model.

Table 3: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10785.177	1	10785.177	297.322	.000 ^b
Residual	108.823	3	36.274		
Total	10894.000	4			

a. Dependent Variable: OGP

b. Predictors: (Constant), ATC

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-4.771	3.782		-1.262	.296
ATC	1.116	.065	.995	17.243	.000

a. Dependent Variable: OGP

From table 3 and 4 which represent the goodness of fit respectively shows that the regression equation or model that was used to predict organizational performance is highly significant at 5% level of significance (p -value = 0.00). Based on the t -value of 17.243, and p -value of 0.000, with coefficients value of 0.995 was found to have a positive effect and this effect was also statistically significant as its p -value is less than 0.05 value. This result,

therefore suggests that we should accept our alternate hypothesis one (H₁) which states that affective commitment significantly affect organizational performance of Pharmaceutical companies in Enugu State.

Discussion of Result

Based on the hypothesis tested, the t-value of 17.243, and p-value of 0.000, with coefficients value of 0.995, affective commitment was found to have a positive effect on organizational performance and this effect was also statistically significant as its p-value is less than 0.05 value. This implies that employees enjoy their membership and identify themselves with the organization. This means that employees love their organization with all their heart. It shows the extent to which the individual identifies with the organization in terms of identification, involvement and emotional attachment to move the organization forward. .

This study, therefore suggests that we should accept our alternate hypothesis one (H₁) which states that affective commitment significantly affect organizational performance of Pharmaceutical companies in Enugu State.

According to the study, management should build a coherent relationship with employees, so that people see themselves as an intrinsic part of the firm, which will result in improved performance and profitability.

References

- Andrea, A. B. (2017). Employees' Organizational Commitment and Turnover Intentions, Walden Dissertations and Doctoral Studies Collection, Walden University.
- Andrew, A. (2017). Employees Commitment and its impact on Organizational Performance. *Asian Journal of Economics, Business and Accounting*, 5(2), 1-13.
- Ekienabor, E. (2018). The influence of employee commitment on organizational performance in Nigeria, *International Journal of Research Publication*, 8(1):1-12.
- Ehimen, A.U., and Alegebe, I. B. (2019). Employee commitment and organizational performance in selected fast food outlets in Osun State. *International Journal of Financial, Accounting, and Management (IJFAM)*. ISSN: 2656-3355, Vol 1, No 1, 2019, pp 23-37 <https://doi.org/10.35912/ijfam.v1i1.55>
- Govindasamy, M. and Jayasingam, S. (2009). A study of factors affecting organizational commitment among knowledge workers in Malaysia, website: https://pdfs.semanticscholar.org/007d/9f2a66615574_2f79e1ee45e378b9fdca307.pdf?_ga=2.47459367.18_05174104.1600700305-1445905792.1585324761 (29th February, 2020).
- Guest, D.E., Michie, J., Conway, N., Sheehan, M., 2003. Human resource management and corporate performance in the UK. *British Journal of Industrial Relations*, 41 (2): 291-314.
- Ikyanyon, D. N. and Agber, I. A. (2020). Examining the Effect of Employee Commitment on Organizational Performance: Evidence from a Cement Manufacturing Company in Nigeria. *European Scientific Journal* August 2020 edition Vol.16, No.22 ISSN: 1857-7881 (Print) e - ISSN 1857-7431.
- Irefin, P. &Mechanic, M. A. (2014). Effect of employee commitment on organizational performance in Coca-Cola Nigeria Limited Maiduguri, Borno State *IOSR Journal of Humanities and Social Science*, 19(3), 33-41.
- Khalid, I.H., Naeem, B. and Khalid, S. (2016). A Study of factors affecting organizational commitment among bank officers in Pakistan, *Journal of Business and Financial Affairs in Pakistan*, 6(1):1-5. Doi: 10.4172/2167-0234.10002.36. (29th February, 2020).
- Kaplan, M. & Kaplan, A. (2018). The Relationship between Organizational Commitment and Work Performance: A case of Industrial Enterprises. *Journal of Economic and Social development (JESD)*, 5(1).
- Mohammed A. M. and Bolawa, T.O.(2020). Comparative Analysis of Employees Commitment in Old and New Generation Banks in Ilorin Metropolis. *KIU Journal of Social Sciences*. Kampala International University ISSN: 2413-9580; 6(4): 179-188
- Meyer, J. and Allen, N. (1991). A Three-Component Conceptualization of Organizational Commitment, *Human Resource Management Review*, 1:61-89.
- Meyer, J.P., Becker, T. E. and Van Dick, R. (2006). Social Identities and Commitments at Work: Toward an integrative model. *Journal of Organizational Behavior*, 27: 665-683.
- Mowday R. T., Porter L. W. and Steers, R. M. (1982). Employee organization linkages: the psychology of commitment, absenteeism and turnover. New York: Academy Press.
- Nasiri, S. (2017). Human resource management, organizational commitment and organizational performance: development, Test and Correction of the Causal Model. *International Review of Management and Marketing*, 7(3), 86-92.
- Newman, A. & Sheikh, A. Z. (2012). Organizational Rewards and Employee commitment: A Chinese Study. *Journal of Managerial Psychology*. 27(1), 71-89.
- Nwankwo, S. N.P., Orga, J. I. and Ugwu, F.A. (2019). Effects of employee commitment on organizational performance (a study of innoson technical and industrial company ltd). *International Journal of Management, Social Sciences, Peace and Conflict Studies (IJMSSPCS)*, Vol.2 No.3 December, 2019; p.g. 27 - 37; ISSN: 2682-6135(Print), ISSN: 2682-6127(online)
- Nyugen, T.N., Mai, K.N. and Nyugen, P.V. (2014). Factors affecting employees' organizational commitment – A Study of Banking Staff in Ho Chi Minh City, Vietnam, *Journal of*

- Advanced Management Sciences*, 2(1):7-11. Doi: 10.12720/joams.2.1.7-11. (29th February, 2020).
- Ogeniyi, K. O., Adeyemi, M. A. & Olaoye, B. O. (2017). Organizational Commitment and Employee's Job Performance: Evidence from Nigerian Hospitality Industry. *International Journal of Innovation Psychology and Social Development*, 5(3), 15-22.
- Ogba, I. E. (2008). Commitment in the Workplace: The Impact of Income and age on employee commitment in Nigerian Banking Sector. *Management Research News*, 31(11):867-876.
- Ogungbamila, A. (2014). Psycho-Social Predictors of Organizational Commitment among Some Selected Bank Employees in Nigeria, *European Scientific Journal*, 10(14): 447-457.
- Prasetya, A., & Kato, M. (2011). The effect of financial and non-financial compensation to the employee performance. Paper presented at the The 2nd International Research Symposium in Service Management. Yogyakarta, Indonesia, 2011.
- Qaisar, M.U, Rehman, M.S & Suffyan.M (2012). Exploring Effects of Organizational Commitment on Employee Performance: Implications for Human Resource Strategy. *Interdisciplinary Journal Of Contemporary Research In Business*.3(11), 248 – 255.
- Rdosavljevic, Z., Cilerdzic, V. & Dragic, M. (2017). Employee Organizational Commitment. *Faculty of Business Economics and Entrepreneurship International Review*, 1-2.
- Sanjo, O.M. and Eze, B.U. (2019). Employee Commitment and Firm Performance: Evidence from a Manufacturing Firm in Nigeria, *Hallmark University Journal of Management and Social Sciences*, 1(3):1-7.
- Sharma J. P. & Bajpai, N. (2010). Organizational Commitment and its Impact on Job Satisfaction of Employees: A Comparative Study in Public and Private Sector in India. *International Bulletin of Business Administration*, 9, 7-19.
- Tett, R.P. and Meyer, J.P. (1993). Job Satisfaction, Organizational Commitment, Turnover Intention, and Turnover: Path Analyses based on meta-analytic findings. *Personnel Psychology*, 46: 259–293.
- Tulsian, M. (2014). Profitability Analysis (a Comparative Study of SALL&TATA Steel). *IOSR Journal of Economics and Finance*, 3(2), 19-22
- Yildirim, M., Acar, A. G., Baykaktar, S. U. & Akova, O. (2015). The effect of Organizational Commitment to intention to leave Employment: A Research in Hotel Management. *International Journal of Business and Social Science*,6(11).
- Udu, A. A. & Ameh, A. A. (2016). Effects of Employee Commitment on Organizational Performance in the Banking Industry: an Evidence from First Bank Zonal Office. *Journal of Business Administration*, 6(1), 1-7.
- Umamaheswari, S. and Joyce, S. (2020). Antecedents and Consequences of Organizational Commitment among Employees of Ceramic Industries in India, *Journal of Critical Reviewers*, 7(6):20-27. Doi: <http://dx.doi.org/10.31838/jcr.07.06> (25th July, 2020).
- Umar, A. I. and Cross, O. D. (2020). impact of motivation on employees job commitment within quoted banks in nigeria: content analysis approach. *International Journal of Management Studies and Social Science Research*. www.ijmssr.org Copyright © 2020 IJMSSR All rights reserved