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An Empirical Analysis on the Effect of Normative Commitment on Employee Performance among Employees of Selected Insurance Companies in Eldoret Town, Kenya

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Abstract:

Despite the gains made from the numerous studies on organizational commitment, professional discourse on the subject remains confounding, and fragmented (Klein et al, 2012 in Dome, Kemboi & Kapkia 2017). For instance, a lack of discriminant validity between AC and NC is implicit of no real difference between the two (Meyer et al., 2002). Questions are now being asked as to what contributions normative commitment has to the conceptualization of organizational commitment and the overall employee performance.

Keywords: Organizational commitment, normative commitment, and employee performance

1. Introduction

Normative commitment was the latest to emerge in the overall commitment literature and remains by far the least studied (Leclerc, Naji & Mansour 2017). Normative commitment as it stands is the commitment born out of compulsion or moral duty by employees to the organization, it reflects moral responsibility that surpasses affective inclination. There is outstanding evidence in support of the direct association between normative commitment and employee performance. Research has highlighted increased employee efficiency with the increase in normative commitment (Hamidi, Masoume and Katayoun, 2014), Andrew (2017) points out the strong correlation between the two ($r=0.764$); beta value for NC=0.334. However, this has been a subject for debate, other researchers have pointed out the contrary as true, for instance Al Zefeiti & Mohamad (2017) examined the role of organizational commitment on employee job performance in the Omani public service, but only report positive associations for affective and continuance commitments with performance but not normative commitment. Oyeniyi, Adeyemi & Olaoye, (2017) find no evidence linking NC to performance. Similarly, Vandenberghe, Mignonac and Manville (2015) document how normative commitment leads to lower well-being and reduced performance. Such is the case necessitating an investigation of the same but this time with a different set of respondents drawn from the insurance subsector under a different geographical study area

2. Statement of the Problem

Human resource management has been dominated by rich discourse on high commitment HR practices, however the debate on how organizational commitment materializes is highly segmented and of key importance to this paper is how NC determines work performance and not just staying with the organization

3. Research Objectives

- To determine the effect of normative commitment on employee performance for employees of selected insurance companies in Eldoret town.

4. Research Hypotheses

- H_{01} Normative commitment has no significant effect on employee performance for employees of selected insurance companies in Eldoret town

5. Theoretical Review

The study is guided by Social identity theory (SIT) as put forth by Tajfel (1978). Social identity theory argues that we are all driven by ego and that we are in a constant need to amplify our self-concept. To accomplish this self-concept, we look to connect to a group(s) and to determine such groups' individuals persistently cluster, assess groups and match value for the group(s). This social categorization, group evaluation, and valuation constitute an individual's social identity. These groups are either in-groups (the one's we are part of) or out-groups (those we compare ours with but do not identify with or fall in).

One criticism of the theory is that, even though groups have enshrined values and attitudes that every member aligns with, membership to these groups does not necessarily mean consent to the values and attitudes. For instance, an

individual may define him/herself in terms of the organization they work for, yet disagree with the prevailing values, strategy, system of authority, and soon.

6. Empirical Review

Hamidi, Masoume and Katayoun (2014), in their research of commitment effectiveness and employee efficiency in Qavzin highlight that an increase in normative commitment to same level, correspondingly increases employee efficiency. Hafiz (2017) explores the association of job performance with organizational commitment in public and private banks in Pakistan. Findings revealed a positive correlation between normative commitment and employee performance ($r=.932$); implying that performance increases by 93.2% with an increase in NC. Qaisar, Rehman & Suffyan, (2012) examines the effects of commitment on performance for police officers in Pakistan. With a response rate of over 70% (which is quite reliable), they report a significant positive association between normative commitment and employee work output ($r=0.395$, $p<0.01$)

Khan *et al.*, (2010) compared the 3 commitment components (AC, CC & NC) on the basis of the impact each had on employee performance, they report normative commitment as highly correlated and statistically significant ($r = 0.322$ $p < .01$) with a regression coefficient ($\beta = 0.32$, $p < .001$) that was significant but weak. Memari *et al.*, (2013) in a similar study on a bank in Iran, report a positive relationship between NC and employee performance.

7. Research Methodology

7.1. Research Design

The study adopted an explanatory research design.

7.2. Target Population

Target population is the total sum objects from where one's sample is drawn (Cooper & Schindler, 2014). 156 employees from 10 selected insurance firms in Eldoret town made up the target population

	Insurance Firm	Target Population
	Heritage	10
	Kenindia	8
	Fidelity	15
	ICEA	25
	Old Mutual	15
	Kenya alliance	5
	Jubilee	20
	Pioneer	30
	Xplico	11
	AAR	17
Total		156
Source (Author)		

Table 1: Target Population

7.3. Sampling Design and Sample Size

Sampling for the study was through census; in an attempt to list all elements in a population (Lavrakas, 2008). Zikmund *et al.*, (2010) sustain that a sample that is a true reflection of a population must be of the same characteristics as the population; affording inferences on the target population. Census design was suitable for it served to obtain data from every member of the population and as such a true measure of the population was possible.

7.4. Data Collection Instruments

Questionnaires were used containing sets of questions on organizational commitment dimensions and performance. Prior to obtaining research data, approval was sought from the management in all the insurance firms, in line with individual firm policy frameworks, facilitated by a research permit from NACOSTI. The questionnaires were circulated to respondents and picked after 2 weeks to give them sufficient time to adequately answer the questions. 128 of the questionnaires were later collected from respondents.

7.5. Data Processing and Analysis

Before processing, questionnaires were tallied for every response then edited, coded and cleaned to root out inconsistencies and thereafter analyzed with the aid of statistical software. Analysis was in line with study objective with inferential statistics preferred. The following regression model was used;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y represents the dependent variable (performance for employees)

β_0 represents the constant

β_1 represents the coefficient of independent variable

X_1 represents normative commitment

ε represents the error term

8. Research Findings and Discussions

The results of the linear regression analysis shown in Table 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		df1	df2	Sig. F Change
					R Square Change	F Change			
1	.671a	0.45	0.437	0.750339	0.45	33.858	3	124	0

Table 2: Model Summary

Source (Author)

a. Predictors : (Constant), Normative

Regression model summary results between normative commitment and performance indicate that normative commitment explained 45.0 % ($R^2 = .450$) of the variance in employee performance and is statistically significant as shown in table 2. While R-square tends to overestimate the variance hence the adjusted R-square adjusts for a bias in R-square. This adjusted value for R-square will be equal or smaller than the regular R-square. R was .671 while R squared was .450. R indicated the relationship between the IV and the DV, the larger the value the stronger the relationship.

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	57.187	3	19.062	33.858	.000 ^b
1 Residual	69.813	124	.563		
Total	127.000	127			

Table 3: ANOVA results

Source (Author)

a. Dependent Variable: Performance

b. Predictors: (Constant), Normative

Besides R squared the study used ANOVA to check how well the regression model fits the data. ANOVA checks on the variability found in the data. Looking at the regression row, the significant value is less than the confidence levels for prediction hence the model statistically and significantly predicts employee performance. Results Table 3 indicated by the model shows model is a good fit of the data

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.053	.073		.721	.472
	Zscore (VNORMATIVE)	.140	.019	.503	7.242	.000

Table 4 Coefficient of Regression

a. Dependent Variable: Zscore (Vperform)

After checking the model fit, the study sought to determine the importance of independent variable in predicting the dependent variable thus the coefficients were employed. The regression coefficient (Table 4) Normative commitment on employee performance ($\beta = 0.503$, $t = 7.242$, $P < 0.05$) were statistically significant while. The t statistic (&p-value) suggests that the coefficient was significant in explaining performance. The t statistics and a corresponding p value were used to help determine the relative importance of each variable in the model. As a guide regarding useful predictors, the researcher looked for t values well below -2 or above+2. Hence these results led to the rejection of the hypothesis suggesting that normative commitments have no significant effects on performance for employees of selected insurance companies in Eldoret town

9. Conclusions

From the findings of the study, it was concluded that normative commitment has positive significant effect on employee performance ($\beta = 0.503$, $t = 7.242$, P is less than 0.05). The hypothesis that normative commitment has no significant effect on employee performance for employees of selected insurance companies in Eldoret town is therefore rejected. Contrary to Khan *et al.*, (2010) findings that normative commitment posted a strong significant correlation with performance ($r = 0.322$ $p < .001$) but with a regression coefficient ($\beta = 0.32$, $p < .001$) that was significant but weak

Suggestions for Future Research

To gain a more comprehensive understanding on this theme, future research should:

- Include other predetermine factors of organizational commitment to enrich the relationship between employee organizational commitment and employee performance.
- Similar research should be replicated in other sectors to determine the extent to which normative commitment influence employee performance

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