

ORGANISATIONAL CHANGE AND EMPLOYEE COMMITMENT IN SELECTED INSURANCE FIRMS IN YENAGOA METROPOLIS

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Abstract

The study examined the relationship between Organisational change and employee commitment. The correlation surveyed design was adopted to measure the relationship between the variables. The population consisted of all insurance firms in Yenagoa, Bayelsa State. However, the researcher selected 5 top ranked insurance companies with quality assurance standards. A sample size of 86 participants was selected from the insurance firms. The participants were the operational level staff. The questionnaire instrument was used to elicit data. The Pearson Moment Correlational Coefficient was adopted to test the hypotheses with the aid of SPSS. The findings showed that Organisational change dimension relate with employee commitment measures. The research concludes that there is a positive and significant relationship between Organisational change and employee commitment (affective and normative). However, it was recommended that the management of insurance firms should endeavour to train and retrain their employees so as to survive this era of technological advancement.

Keywords: Affective Commitment, Employee Commitment, Normative Commitment, Organisational Change, Technological Change

Introduction

The primary objective of any organisation, including insurance firms, is to ensure that their products or services satisfy consumer expectations. Nevertheless, as Mathis and Jackson (2010) noted, employees are not only indispensable assets to an organisation, but also problematic to supervise. Assuming that the organization's competitiveness and the fulfilment of its mission are contingent upon the commitment of its employees, as human resources management is indispensable. Employee commitment (EC) can manifest in various ways, including the desire to remain in the organisation (affective commitment), the need to stay in the organisation (continuance commitment), or the mindset of an obligation to remain in the organisation (normative commitment) (Mercurio, 2015). Affective commitment is the term used to define an individual's intention to stay with the organisation as a result of their emotional attachment to and identification with the organisation (Stinglhamber, F., Marique, G., Caesens, G., Hanin, D., & De Zanet, F. 2015) An individual's necessity to remain with the organisation is characterised by continuity commitment, which is a result of their recognition of the expenses (such as tenure, pay, benefits, vesting of pensions, and family obligations) that are associated with departing the organisation (Wang, Gunasekaran, Ngai, & Papadopoulos, 2016) Today, the majority of organisational managers would concur that change has evolved into an ongoing phenomenon that necessitates proper attention and management for an organisation to endure. The external environment has become dynamic, unpredictable, demanding, and frequently detrimental to

organisations that are unprepared or unable to respond as a result of the convergence of these forces (Burnes 2014).

Change agents, managers, and change recipients, typically employees, must collaborate to facilitate change (Gakere, Linge, & Orwa 2012). This notion reveals change recipients as a vulnerable link, rendering them readily culpable for failures in the event that employees fail to demonstrate a commitment to the developed change. One of the challenges associated with organisational change is the resistance of employees to change. Absenteeism, inefficiency, delays in job delivery, and consistent errors can result from a lack of commitment to the change policy (Uwimana, 2017). Management frequently attributes employee poor commitment to change to inadequate training and skill-set gaps, low support from management, a poor communication system within the organisation, and inadequate motivation mechanisms.

Lastly, there is scanty empirical literature addressing organisational change and employee commitment in the insurance firms in Nigeria. This study will bridge the identified gap in literature by investigating the relationship between organisational change and employee commitment of insurance firms in Yenagoa metropolis

Objectives of the study

The general objective of this study is to examine the relationship between Organisational change and employee commitment. The specific objectives aimed are to;

1. Ascertain the relationship between technological change and affective commitment in selected Insurance Firms in Yenagoa Metropolis
2. Determine the relationship between technological change and normative commitment in selected Insurance Firms in Yenagoa Metropolis

Research Questions

To achieve the above-mentioned objectives, the following research questions will be addressed

1. What is the relationship between technological changes and affective commitment?
2. How does technological change relate to normative commitment?

Research Hypotheses

The research was predicated on the following null hypotheses:

H₀₁: There is no significant relationship between technological changes and affective commitment.

H₀₂: There is no significant relationship between technological changes and normative commitment.

Literature Review

Organisational Change

The business world is becoming increasingly competitive due to the emergence of modern technologies and the implementation of new business methods to offer customers superior products or services. Consequently, in order to endure in a competitive environment, it is imperative that all organisations undergo transformation. Organisational life is characterised by change, as it is in human life. Organisations must acclimatize to the environment to remain competitive and ensure their

survival (Agboola & Salawu, 2011). Any action or sequence of actions that results in a change in orientation or process that impacts the operation of an organisation is referred to as organisational change. The process of becoming distinct is known as change. The approaches to fulfilling objectives and the relationships among them may be impacted by change. Organisational transformation entails transitioning from the familiar to the unfamiliar. New competitors, the emergence of innovative technologies, declining and profits may compel organisations to transform. The organisation's strategic goals and tactics must be re-evaluated in light of these issues. New competition in the marketplace or new demands from consumers are among the numerous factors that may necessitate organisational change. The sustained survival of an organisation is ensured when organisational change is well-planned and executed. It has the potential to generate numerous tangible advantages, such as enhanced financial performance, increased customer and employee satisfaction, and enhanced competitiveness. There will be some individuals in the organisation who will be affected by change, particularly if positions are cut or realigned, and not all will benefit personally. However, change should strengthen the organisation as a whole and prepare it for the future (Mullins, 2007).

Technological Change

In order to adapt to technological advancements, numerous industries and nations in both developed and developing countries have implemented research and development departments, divisions, and organisations. The performance and development of technological innovation are determined by the degrees of aggregation by organisation and nation. This pertains to the administration and regulation of internal and external systems, as well as their response to external systems. The utilisation of new technology results in substantial enhancements in productivity, growth, and output. The expansion of technology and technological innovation has been credited with the increase in productivity and general economic growth in the majority of developed nations. The introduction of new products is the primary focus of a substantial portion of R&D expenditure in these countries. The production of high-quality products and services in large quantities has been attributed to the advancement of technology through research and development. Organisations have also tended to prioritise capital in the form of apparatus and equipment, rather than labour, in order to enhance their profitability. However, these have not resulted in a positive increase in labour productivity. The productivity and efficacy of labour have not been significantly enhanced by the substitution of capital for labour. The organization's assessment of its environment and the necessity for slumber determine the substitution of one by the other. When a significant amount of labour is displaced or removed to be replaced by capital without a proper assessment, companies may not be able to register significant price and profit. Many organisations' enhanced performance was frequently linked to the enhanced performance of all production factors and the number of customers, rather than solely to technology (Dauda, 2000). In order to address customer demand for reduced prices and enhance profitability, investors and managers may evaluate technological or labour enhancements. The demand for higher wages among employees may be attributed to the enhanced productivity and performance that are frequently the

result of the administration and control of technology systems. If the cost of technology is high and the demand is insufficient to increase the profit margin, there may be no opportunity to increase the price of a unit of service or the wage margin (Dauda, 2000). The cost of technology is minimal in advanced countries, while the cost of labour is high. The quantity of goods and services is substantial, and the number of customers is numerous. These have the potential to increase profit, reduce price margin, and mitigate labour costs. The ratio of the marginal product of labour to that of capital is reduced in the majority of developing nations due to low technological progress. However, in developed nations, the price of capital is reduced and the price of labour is increased as a result of rapid technological change.

The prevention of unemployment and labour reduction as a result of technological advancements may be achieved through the effective administration of aggregate demand. Structural unemployment arises as a result of the fact that the unemployed lack the necessary skills to participate in the expanding industries, despite the increase in aggregate demand. This situation results in structural unemployment, which is distinct from deficient unemployment, which is caused by an absence of employment. By enhancing employee capabilities through education and training and development, structural unemployment can be mitigated. The division of industrial work into smaller, more manageable components will facilitate the acquisition of the requisite training by the unemployed, thereby reducing the level of unemployment and facilitating their reintegration into the system.

In contrast to the four-year engineering apprenticeship training that factory workers were required to complete, individual employees in the majority of conservative high-tech firms received training in a short time. Three significant ways in which technological advancements in industries may impact employment are as follows. Again, the same output can be produced with fewer men, while the third is the response of demand to any subsequent change in relative price, which enhances production and efficiency. This increases output and enhances employment opportunities.

Employee Commitment

Organisations have found that employee commitment has become an increasingly significant issue as they strive to retain talented employees (Dinc & Aydemir, 2014). This is due to the fact that personal commitment is linked to parameters such as absenteeism, turnover, burnout, job satisfaction, and individual and organisational performance. This investigation suggested that ethical leadership may induce employee commitment. According to Mahdi, Mohd, and Almsafir (2014), employee commitment is the emotional attachment, identification, and involvement of an employee in their organisation. This sense of loyalty is such that it enables the employee to completely embrace the company's objectives and values for themselves. (Luthans, 2011) has endorsed the definition of employee commitment from a loyalty perspective, positing that it is an attitude that demonstrates employee loyalty to their organisation. Therefore, employee commitment can be evaluated in terms of the extent to which an employee identifies with the organisation and desires to continue actively participating in it. Consequently, Newstrom (2011) characterised it as a metric for an employee's intention to remain with the company in the future.

Employee commitment is a three-dimensional concept that is defined as a psychological state that binds the individual to the organisation.

Affective Commitment

The employee's positive emotive bonding to the organisation is known as affective commitment. An employee who is strongly attached to the organization's objectives and desires to remain with the organisation (Anwar & Abdullah, 2021) is an example of this. This could be due to a variety of factors, including the financial costs of salary and benefits, as well as the social costs of ties and reputation. For instance, an employee remains with the organisation due to their attachment to it (Prabhu, Nambirajan, & Abdullah 2020). The concept of normative commitment is mandatory in this context. The organization's value commitment to the employee is expected to be reciprocated (Anwar & Shukur, 2015). The loyalty aspect is robust either as a result of social norms that are relevant to the context and are associated with the environment in which the organisation operates, or as a result of individualised value perceptions that influence behaviour (Sultan, et al., 2020)..

Normative Commitment

Normative commitment also referred to as obligation-based commitment (Longenecker et al., 2012) is the extent to which an individual feels obligated to the organisation or believes that remaining is the appropriate course of action is referred to as normative commitment. Newstrom (2011) argues that normative commitment is derived from one's strong cultural or familial ethics, meaning that the firm's belief system is in alignment with one's personal beliefs. For instance, Greenberg and Baron (2008) suggest that normative commitment may result in an employee's feelings of obligation to remain with their organisation due to external pressure. In this scenario, the employee is acutely aware of the opinions of their colleagues regarding their actions. External influences are the source of normative commitment in this scenario.

Conceptual Framework

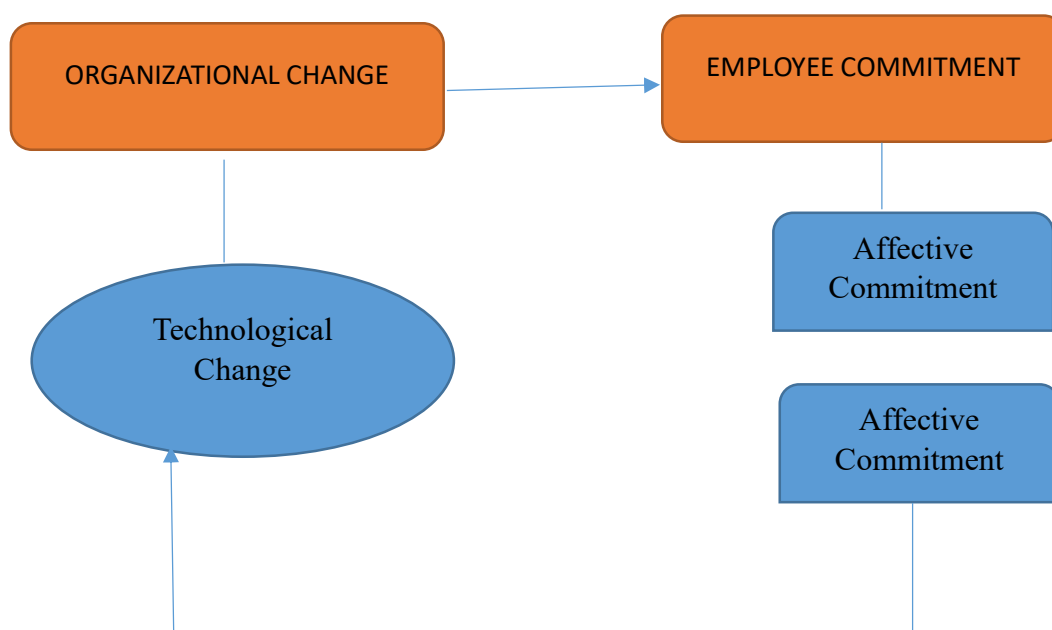


Fig i2.1: Conceptual framework on Organisational change and employee commitment

Methodology

The objective of the study was attained through the implementation of a cross-sectional survey design. The population of the study consisted of 109 employees who are on the nominal roll in the human resources departments of insurance firms in Bayelsa State. The Taro Yamane (Yamane, 1973) formula was employed to determine a sample size of 86. Additionally, secondary data, including textbooks and journals, was supplemented by questionnaires. The Likert scale, which ranges from 5 to 1, represented strongly agree to strongly disagree, was the basis for the survey scales that were implemented. Data collected from participants through questionnaires were analysed using inferential statistics to facilitate the generalisation of findings. The Pearson Moment Correlational Coefficient was employed in conjunction with the Statistical Package for Social Sciences (SPSS) software to analyse the data for this research.

Analysis of Results and Discussions of Findings

Table 4.1: Responses on Technological Changes

iSource: Survey Data, 2023. All figures in parenthesis are %

1	There are annual changes in the technological equipment used in the firm. i	35 (54.6)	15 (23.4)	4 (6.3)	6 (9.4)	4 (6.3)	263	4.1
2	Electronic means of communication is frequently introduced to upgrade our method of operation. c	15 (23.4)	10 (15.6)	20 (31.3)	15 (23.4)	4 (6.3)	209	3.3
3	Our customer interaction system is frequently upgraded to serve our customers better. i	37 (57.8)	10 (15.6)	8 (12.5)	6 (9.4)	3 (4.7)	263	4.1
4	Helpline is developed electronically to suit business objectives.	10 (15.6)	15 (23.4)	15 (23.4)	10 (15.6)	14 (22.9)	189	2.9
5	The job allows me to make a lot of decisions on my own.	28 (43.7)	10 (15.6)	5 (7.8)	20 (31.3)	1 (1.6)	236	3.7

The responses of the respondents regarding the extent to which technological changes are experienced by employees in the organisations under study are presented in Table 4.1 above. The respondents' significant agreement with question 1 in the option scale is indicated by the mean score of 4.1. The second question item has a mean score of 3.3, which suggests that the respondent moderately concurred with the question item in the option scale. The third question item, which has a mean score of 4.1, indicates that the respondents firmly concur with the question item in the option scale. Respondents' moderate agreement with the question item in the option scale is indicated by a mean score of 2.9 for Question 4. Lastly, the fifth question item, which has a mean score of 3.7, indicates that the respondents are in agreement with the question items in the option scale.

Table i4.2: Response ion on Employee Commitment

S/N	Question Items	SA (5)	A (4)	MA (3)	D (2)	SD (1)	AGG SCORE	X
Affective Commitment								
1	I would be very happy to spend the rest of my career in this organization	25 (39)	10 (15.6)	5 (7.8)	20 (31.3)	2 (0.2)	222	3. i5
2	I really feel as if this organization's problems are my own. I	21 (32.7)	8 (12.5)	1 (1.6)	20 (31.3)	4 (0.3)	184	2.9
3	I feel like 'part of my family' at this organization. I	12 (18.8)	3 (4.7)	10 (15.6)	30 (46.9)	2 (0.2)	164	2. i6
4	I feel 'emotionally attached' to this organization. I	8 (12.5)	11 (17.3)	5 (7.8)	25 (39)	15 (23.4)	164	2.8
5	I would go extra-miles to protect my organization interest.	15 (23.4)	10 (15.6)	5 (7.8)	20 (31.2)	14 (22)	184	2.8
Normative commitment								
1	I feel any obligation to remain with my organization. I	11 (17.2)	4 (6.4)	6 (9.3)	28 (43.7)	6 (0)	151	2. i5
2	Even if it were to my advantage, I do not feel it would be right to leave. I	30 (23.4)	15 (23.4)	5 (7.8)	10 (15.6)	4 (6.3)	249	3.9

3	I would feel guilty if I left this organization now. I	8 (12.5)	11 (17.3)	5 (7.8)	25 (39)	15 (23.4)	164	2.8
4	This organization deserves my loyalty. I	25 (39)	10 (15.6)	5 (7.8)	20 (31.3)	2 (0.2)	222	3.15
5	I strictly adhere to rules and regulations of my organization.	30 (23.4)	15 (23.4)	5 (7.8)	10 (15.6)	4 (6.3)	249	3.9

Source: Source: Survey Data, 2023. All figures in parenthesis are %

The responses of the respondents regarding employee commitment are presented in Table 4.2. The mean score of the initial query item is 3.5. This suggests that the query item in the measurement scale is acceptable to the respondents. The second question item in the measurement scale had a mean score of 2.9, which suggests that respondents moderately agreed with the query. The mean score of question item 3 is 2.6, indicating that respondents moderately concur with the question item in the measurement scale. The mean score of Question 4 is 2.8, indicating that respondents moderately concur with the question item in the measurement scale. The mean score of Question 5 is 2.8, indicating that respondents moderately concur with the question item in the measurement scale. The first item query in the measurement scale indicates that the respondents moderately agree with the question item, as indicated by the table on normative commitment. This is illustrated by a mean score of 2.5. The second item question indicates that the respondents have a moderate level of agreement with the question item in the measurement scale. This is demonstrated by a mean score of 3.9. The third item question indicates that the respondents have a moderate level of agreement with the question item in the measurement scale. This is illustrated by a mean score of 2.8. The fourth query item in the measurement scale has a mean score of 3.5, indicating that the respondents concur with the item. The final question item has a mean score of 3.9, indicating that the respondents concur with the question item in the measurement scale.

H₀₁: There is no significant relationship between technological changes and affective commitment. **i**

Table 4.3: Correlation outcome between technological changes and affective commitment

			Technological Changes	Affective icommitment
Spearman's rho	Technological changes	Corr. iCoefficient	1.000	.955**
		Sig. i(2-tailed)	.	.000
	N		304	304
	Affective	Corr. iCoefficient	.955**	1.000

icommittment

Sig. i(2-tailed)	.000	.
N	304	304

SPSS, i2023.

From the result in the table above, $\rho_i = 0.955$, it shows a positive relationship between technological changes and affective commitment. It is also significant @ $p_i = 0.00$ $i < 0.01$. This implies that the null hypothesis state above is rejected. This means that there is a significant relationship between technological changes and affective commitment.

H₀₂: There is no significant relationship between technological changes and normative commitment.

Table i4.4: Correlation outcome between technological changes and normative commitment

			TechnologicalC hanges	Normative icommittment
Spearman's irho	Technological changes i	Corr.iCoefficient	1.000	.801**
		Sig. i(2-tailed)	.	.000
		N	304	304
	Normative icommittment	Corr.iCoefficient	.801**	1.000
		Sig. i(2-tailed)	.000	.
		N	304	304

SPSS, i2023.

From the result in the table above, with $\rho_i = 0.801$, it shows a positive relationship between technological changes and normative commitment. It is also significant @ $p_i = 0.00$ $i < 0.01$. This implies that the null hypothesis state above is rejected. This means that there is a significant relationship between technological changes and normative commitment.

Discussion of Findings

The first and second hypothesis demonstrated a substantial correlation between the extent to which technological advancements influence employee commitment (affective and normative). These results are consistent with the research conducted by Dauda and Akingbade (2017), which investigated the potential of employee relations to facilitate technological change management. It also endeavours to ascertain the most effective approach to utilising technological innovation to enhance performance in the Nigerian Insurance sector.

Conclusion

The study's objective was to investigate the nature of the relationship between employee commitment and organisational change (affective and normative) from the outset. The study posed two relevant research questions that reflect the dimension of organisational change and measures of employee commitment. The data collected and analysed revealed several clear findings, including a positive and significant relationship between organisational change and employee commitment (affective and normative).

Recommendations

The following recommendations were made based on the findings;

1. Firstly, management of insurance firms should endeavour to train and retrain their employees so as to survive this era of technological advancement.
2. Secondly, technology in the insurance industry should be monitored and they should anticipate rather than to react to technological change.

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