

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Organisations value commitment among their employees because it is typically assumed to reduce withdrawal behaviour, such as lateness, absenteeism and turnover. Lo et al (2009) noted that employees with sense of employee commitment are less likely to engage in withdrawal behaviour and more willing to accept change. Hence, there is no doubt that these values appear to have potentially serious consequences for overall organisational performance. The study of employee commitment is important because: (a) even though organisations are becoming leaner, they must maintain a core of committed individuals who are the source of organisational life; (b) workers who become less committed to an organisation, will route their commitment in other directions; thus, it is important to know how to develop the right type and level of employee commitment to ensure that the better employees are retained; (c) employees who develop a high level of employee commitment tend to be highly satisfied and are fulfilled by their jobs; (d) in the current global economic scenario, organisational change is a continuous process that requires support of all employees in the hierarchical structure. Having employees with the appropriate levels of employee commitment facilitates the change management process and ensures its successful implementation. Most organizations have realized that the performance of their workers plays a vital role in determining the success of the organization (Zheng et al, 2010; Ajila and Awonusi, 2004). As such, it is important for employers and managers alike to know how to get the best of their workers. One of the antecedent determinants of workers' performance is believed to be employee commitment (Ali et al, 2010; Dex and Smith, 2001).

Employee commitment as it otherwise referred to in the literature, has become one of the most popular work attitudes studied by practitioners and researchers. Akintayo (2010) and Tumwesigye (2010) noted that one of the reasons why commitment has attracted research attention is that organizations depend on committed employees to create and maintain competitive advantage and achieve superior performance.

Committed employees who are highly motivated to contribute their time and energy to the pursuit of organizational goals are increasingly acknowledged to be the primary asset available to an organization (Hunjra et al, 2010). They provide the intellectual capital that, for many organizations, has become their most critical asset (Hunjra et al, 2010). Furthermore, employees who share a commitment to the organization and their collective well-being are more suitable to generate the social capita that facilitates organizational learning.

It is therefore important for companies to know the aspects that play important role or have big impact in boosting the commitment of their employees. Several factors had been identified in the literature as determinants of employee commitment. Some of the identified factors include: leadership style (Lo et al, 2009) and organizational fairness (Ponnu and Chuah, 2010); corporate social responsibility (Ali et al, 2010).

#### 1.2 Statement of the Problem

Employers are sometimes baffled when their highly-rated employees under-perform and others resign and leave. Management fail to understand why some employees are not committed to the organization even though they have proactively implemented fair compensation policies and human resource (HR) practices to motivate and retain them. It can be costly if employees are not committed in their jobs, and if they lack the

motivation to exercise their full potentials.

The main focus of this study is on employee commitment as a multidimensional concept that represents the relationship between an employee and employer. Employee commitment has been found to be related to a variety of attitudinal and behavioural consequences among employees, for example, motivation level (Chipunza and Berry, 2010), organizational citizenship (Ozer and Gunluk 2010; Hunjra et al, 2010), and turnover rates (Tumwesigye, 2010; Ongori, 2007; Ponnu and Chuah, 2010). However, this study shall seek to examine the relationship between employee commitment and organisational performance.

### **1.3 Objectives of the Study**

The broad objective of this study is to examine employee commitment on organizational performance in *Coca Cola* Nigeria Limited.

The specific objectives of the study are:

- To describe the socio-economic characteristics of employees in *Coca Cola* Nigeria Limited.

- To identify challenges of employees commitment in *Coca Cola* Nigeria Limited.

- To investigate the impact of employee commitment on organisational performance in *Coca Cola* Nigeria Limited.

- To examine the relationship between employee commitment and organisational performance in *Coca Cola* Nigeria Limited.

### **1.4 Research Questions**

This study shall attempt to answer the following research questions:

- Does employee commitment enhance organisational performance in *Coca Cola* Nigeria Limited?

- How does the socio-economic characteristic of employees affect the organizational performance?

- What are the challenges of challenges of employees' commitment in *Coca Cola* Nigeria Limited?

- What is the relationship between employee commitment and organisational performance in *Coca Cola* Nigeria Limited?

### **1.5 Research Hypotheses**

Based on the research questions, the following hypotheses shall be tested during the course of the study:

#### **Hypothesis I**

$H_0$ : That employee commitment does not enhance organisational performance.

$H_1$ : That employee commitment enhances organisational performance.

#### **Hypothesis II**

$H_0$ : That there is no relationship between the socio-economic characteristic of employees and organizational performance.

$H_1$ : That there is relationship between the socio-economic characteristic of employees and organizational performance.

### **1.6 Significance of the Study**

This study has direct implications for today's industrial world for the strategic role of managers as agents of change in organizations. With the increasing competitive nature of the business world, employers and managers are poised to strive to improve their performance. An important element in the organization that determines its performance is its labour force. The extent to which committed employees affect organizational performance is yet to be empirically proved in Nigeria. This study intends to fill this research gap.

Turnover rates are skyrocketing, and employees are moving from one organization to another in rapid succession taking with them the entire organizational learning. To curtail this huge loss of human capital, it is necessary for an organization to know which work beliefs to tap to increase employees' attachment to the organization and the motivation to work for the organization. These shall be provided by the findings of this study.

### **1.7 Scope of the Study**

By referring to the research questions, the scope of this study focuses on three main constructs: employee commitment, organizational performance and employee turnover in Nigeria. The study seeks to clarify the link between employee commitment and organizational performance as well as the link between employee commitment and employees' turnover intention.

The empirical analysis shall be based on a field survey involving the administration of self-administered questionnaire among selected staff of Coca Cola Company Plc in its Lagos office. This study is intended to be elaborate in order to gather diversified opinions on the subject matter.

### **1.8 Definition of Key Terms**

**(i) Employee commitment:** Employee commitment is defined as the degree to which the employee feels devoted to their organization. It is otherwise known as employees' commitment.

**(ii) Organisational Performance:** Organizational performance refers to the degree to which organizational objectives are met.

**(iii) Employee Turnover:** This is the rate at which employees move from one organization to another.

**(iv) Organizational Citizenship Behaviour:** Organisational Citizenship Behaviour are employee behaviour that, although not critical to the task or job, serve to facilitate organizational functioning (Lee and Allen, 2002)

**(v) Organisational Justice:** This is defined as employees' perception of the fairness with which they have been treated by an organization (Ponnu and Chuah (2010).

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