

Corporate Policies and Employee Commitment to Work in Commercial Banks (A Survey of three Commercial Banks in Yenagoa, Nigeria)

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Abstract

The aim of the study was to examine the effect of corporate policies on employee job commitment in Nigeria firms. The survey design method was adopted with percentages, frequencies and Chi-Square technique used to test the three hypotheses formulated for the study. Based on the sample size of sixty, questionnaires were administered on respondents from the three sampled banks and fifty-five (55) questionnaires were successfully retrieved and used for the analysis. The result of the first hypothesis revealed that corporate polices affect employee joy commitment. The result of the second hypothesis revealed that employee involvement in policy making and implementation process ensure full commitment to work. Lastly, the result of the third hypothesis concluded that employee level of commitment affects the success of the organization Also, the result of the percentage and frequency computation shows that majority of the sampled respondents are of the opinion that corporate policies affects employee commitment and consequently determines the success of an organization. Based on the result of the analysis, the following recommendations were made, that proper corporate policies be formulated and implemented to enhance employee commitment. It further suggested that employees be included in the process of policy formulation and implementation so as to motivate them to perform.

Key Words: Corporate Policies, Employee Commitment, Commercial Banks, implementation, Nigeria

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Introduction

Over the years, the study of commitment has advanced in different directions. Current research concerning employee commitment highlights the pitfalls of viewing commitment as a one-dimensional construct that can be enhanced by a particular practice for example, offering flexible working arrangement or more training will have a significant and beneficial effect on employee commitment. Unfortunately, in practice it is not that simple because there is no single solution. All employees' wants and needs cannot be addressed by a single policy. The term policy can be dated as far back as the days of the early men. During that period, the early men had always been engaged in policy making analysis and had their regulations with the impression that it would be more efficient. A good example was the tacit societal rules of the ancestors that women should be concerned with child care and home-keeping while the men should do the hunting and the fishing among other chores. They were also concerned with what ought to be done, not on the concept of our modern management sciences, system analysis, operations research and decision-making theory, but on some common-sense impressionistic views about man and the organization of the society in which he lives in. A policy is basically a statement, either expressed or implied, of those principles and rules that are set up by executive leadership as guides and constraints for the organization's thinking concerning what should be done, how it should be done, who should do it and where action should take place. Policy becomes a robust and dignified discipline when there is a free unfettered attitude

for free thinking, democratic expressions, as well as constructive and critical oppositions, and certainly it cannot be so when opinion is prevented from being expressed as in the middle ages and the third world countries, including Nigeria, where there was and still is the tendency to accept as sacrosanct and given governmental policies which should not be questioned (Sam, 1992).

Narrowed down to this research, corporate policy which can also be known as company policy according to the business dictionary is a documented set of broad guidelines formulated after an analysis of all internal and external factors that can affect a firm's objectives, operations and plans. Formulated by the firm's board of directors, corporate policy lays down the firm's response to known and knowable situations and circumstances. It also determines the formulation and implementation of strategy. The formulation of policy done by the board of directors can be seen as a side of the coin because the implementation or success of a policy depends on the ability of the individual responsible for its application as well as the acceptance by the stakeholders in the organization, for policies made revolves around them. The application of a policy is not likely to be effective unless it is accepted. Participation in policy formation facilitates acceptance.

Committed employees, not just employees are highly motivated to contribute their time and energy to the pursuit of organizational goals and are increasingly acknowledged to be the primary asset available to an organization (Hunjra et al, 2010). The findings of Ponnu and Chuah (2010) suggests that employee commitment with an organization could be significantly increased by enhancing organizational fairness, seeking employees' opinion in policy making, particularly procedural justice which would consequently reduce employees' intention to leave.

However, most of the past studies on employee commitment were not related to Nigerian business environment. As such, it is pertinent to examine corporate policy as a key determinant of employee commitment in the context of Nigeria with selected banks in Bayelsa State as a case study. The primary objectives of the study is to examine the effect of corporate policies on employee commitment to work. Other objectives targeted by the study are: To find out the extent of employee involvement in policy formulation and implementation. To know if policy formulator considers work ask of employees as a basis for formulating policies and to access the level of commitment employees have for the organization.

Research Questions

The study will attempt to answer the following research questions:

- Does corporate policy effect employee commitment to work in an organization?
- What level of commitment do employees have towards the organization?
- Does employee level of commitment translate into better performance?
- Does job satisfaction translate into increase employee commitment?

Review of Related Literature (Conceptual Framework)

The Concepts of Policy

Corporate policy or organizational policy is a document set of broad guidelines, formulated after an analysis of all internal and external factors that can affect a firm's objectives, operations, and plans; Formulated by the firms' board, corporate policy lays down the firm's response to known and knowable situations and circumstances. It also determines the formulation and implementation of strategy, directs and restricts the plans, decisions, and actions of the firm's employees in achievement of its objectives. A policy is basically a statement, either expressed or implied, of those principles and rules that are set up by executive leadership as guides and constraints for the organizational

thinking concerning what should be done, who should do it, and where actions should take place (Aluko et al 1997).

Giving an operational definition of policy, Aluko et al (1997) in their book, business policy define policy as a: *“A guide to action, a means to an end, but not an end itself. In general terms, it is seen as an instrument of management, and in specific terms as a management tool for solving socio-economic and political problems in human, public and industrial organization”*. The nature of policy as a course of action can be better or more fully understood if it is broken down into a number of categories, these being; policy demands, policy decisions, policy statements, policy inputs and policy outcomes (Thomason, 1976).

Sam (1992), in his work, gave a micro definition of the policy process as *“The process of applied and theoretical research which strives to purpose a number of possible options from which the political leader or chief executive may select the best possible alternatives based on the final analysis on what is in the best public interest”*. He also gave a macro definition in the Nigerian context as: *“The collective decision of the executive arm of government on matters which derives their primacy from the constitution as provided in the chapter on fundamental objectives and Directive principles of state policy”*.

The special characteristics of policy stems from the fact they are formulated from what David Easton (1972) has called “authorities” in a system Thomason (1975) view policy from its implications. First of all, purposive or goal-oriented actions rather than random or choice behaviour, is the major concern. Policies in modern system are not by and large, things that are just done or happen. Secondly, policies consist of courses or patterns of actions by government or organizational officials rather than their separate discrete decisions. For example, policies involve not only the decision to enact a law on some topic but also subsequent decisions relating to its implementation and enforcement. Thirdly, policies are what government or organizations do in regulating its activities, controlling, directing etc. Lastly, policy at least in its positive form is based on law and is authoritative.

Policy according to Anderson (1975) “is used to check the behavior of some actors or group of actors in a given area of activity”. He stated further that “it is the relationship of a government unit to its environment”. Carl Fredrich (1968) agrees with Anderson’s definition of policy and on his own view, he regarded it as “a proposed of action of a person or group of persons or government within a given environment proving obstacles and opportunities which the policy was proposed to utilize and overcome, in an effort to reach a goal or realize an objective or purpose”. To the notion of policy as a course of action, “it is directed towards the accomplishment of some purpose or goal” (Freidrich, 1968). Elaborating, he went further to state that a purposive course of action followed by an actor or set of actors in dealing with a problem of matter of concern could be seen as a useful concept of policy.

Developing and implementing corporate policies and procedures provide corporations with operational consistency. It is a key to the profitability of a corporation that each employee follows established policies and procedures. Running a corporation with well-documented policies and procedures makes it possible to address issues and concerns with uniformity. Policies and procedures are guidelines that pertain to the daily operation of the corporation. Following corporate policies and procedures helps employees become more proficient because they perform tasks the same way on each occasion.

Formulation of corporate policies is a consistent and productive approach towards the management or employees who are 'valued assets' to the organization. And managing resourceful humans requires a constant balancing between meeting the human aspirations of the people and meeting the strategic and financial needs of the business. Hence linking the policies more explicitly to the strategic goals to improve the business and foster innovation and flexibility, thus serves the overall purpose. Through best possible use and application of corporate policies in the organization, commitment can be encouraged thus leading to better performance, improve staff attitude and lower labour turnover, this is the ideal aim of corporate policies which has been argued to neglect the fact that policy specialists and line managers have a major impact on how these policies are formulated and implemented.

It is the organizational function that deals with issues related to compensation, hiring, administration, organization development, employee motivation, wellness, benefits, safety, communication, performance management, and training. Corporate policies set out standard in an organization for recruitment, selection; training and development, reward management, performance appraisal etc. Effective corporate policies enable employees to contribute effectively and productively towards the attainment of the organization's goals and objectives and facilitates overall company mission. Corporate policy practices are one of the channels of communication for an organization with its employees, it consists of the actual programs, processes and techniques. The workers on reception of such a message build up their own distinct perceptions and through a self-assessment (evaluation) process subsequently shape their attitude and behavior. This is the very reason why employees' individual view plays a vital intermediary in the association between corporate policy practices and the real disclosure of employee's outlook and behaviors.

Therefore, from this point of view, one can argue that corporate policy practices in its dominating effect alter an employees' affective commitment, by first impinging upon their perception of organizational policies and consequently further alter or transform their emotional commitment towards the organization. That's why, by the means of implementation of high-commitment policy practices, i.e. intensive training and development, high level of compensation, promotion from within, socialization, etc. convince the employees that the organization's purpose is in conformity with their insight, and it impinges upon them to reciprocate with advanced commitment and stronger deference to devote and put in for the organization.

Therefore, this research will examine the correlation between corporate policy practices and their effects on employee commitment. The researcher is interested in knowing whether corporate policy practices really result in more committed employees, and if the level of commitment of an employee translates into organization success. It also seeks to examine whether employee involvement in policy formulation increases his commitment to the organization. These are some of the questions that have encouraged the researcher in conducting this research.

Principles of Policy Formulation

Statement of policy should be definite, clear and understandable to everyone in the organization but not too many as becoming confusing or meaningless. Policies should be based on organizational facts and sound judgment rather than on personal reflections. It should recognize economic principles and be in conformity with government laws and be compatible with public interest (Aluko et al, 1997).

Adhering to these basic principles, one can then start to formulate policies by following the procedures below as suggested by Aluko et al (1997).

- a. Identifying a problem area or situation in which decision of a similar and repetitive nature are involved.
- b. Circulating this to all managers who will operate under the policy.
- c. Having a periodic review of the policy statement.
- d. Putting these into a policy manual.

Policy formulation involves on one hand an analysis of objectives to determine their requirements for their accomplishments, and on the other hand an analysis of the functions necessary for the achievements of objectives and the related physical and personnel factors. Policy implementation is the phase that has to do with the day to day use of the policy by the personnel in making managerial and operative decisions. At this stage, the policy ought to stand up under the pragmatic test of result. Here it has to prove to be a sound, helpful guide for thoughts and actions.

Method and Data

Primary and secondary data was collected with the aim of examining the relationship between corporate policy and employee commitment. Primary data was collected with the use of open and close ended questionnaires. The approach was adopted as it afforded the researcher vital information by eliciting the opinion of the respondents on the subject of study. The questionnaires also assured the respondents anonymity (Goel, 1988). The research questionnaire consists of 2 sections; the first section elicited demographic information of the respondent. The second section elicited information on respondent knowledge of “the effect of corporate policy on employee commitment”. Sixty (60) questionnaires were administered on respondents from the three sampled banks with 56 questionnaires retrieved and used for the analysis.

Secondary data was collected from the official documents of the sampled three banks, journals, internets, newspapers and previous research work, this constitute a greater part of the literature review. The study is based on a sample size of 60 respondents from First Bank, FCMB and Keystone Bank in Bayelsa State. The simple random sampling technique was used through balloting to select the three Banks out of the fifteen Banks that was used for the study. This technique was adopted because it is a fair and unbiased means. The stratified sampling technique of proportionate allocation was used to select the sample size of 60 respondents from the sampled three Banks. The convenience sampling technique method was adopted in administering the questionnaires to the 60 sampled respondents. This afforded the researcher the opportunity of eliciting the opinion of staff that is available and willing to participate in the study. The data collected from the retrieved questionnaires was analyzed using percentages and frequencies. The hypotheses formulated for the study was tested using Chi-Square at 0.05 significant levels with the aid of Statistical Package for Social Science (SPSS) 17.0 version.

Data Presentation, Analysis and Interpretation

The three hypotheses formulated to guide the study was analyzed using Chi-Square test at 0.05 significant levels.

Decision Rule: Reject the null hypotheses if Chi-Square calculated is greater than Chi-Square tabulated

Hypothesis one

H₀₁: Corporate policies do not have any significant effect on employee commitment to work.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson chi-Square	11.426 ^a	4	.022
Likelihood Ratio	12.338	4	.015
Linear-by-Linear Association	9.397	1	.002
N of Valid Cases	56		

The result of our analysis using Chi-Square test revealed that Pearson Chi-Square calculated 11.426 is greater than Chi-Square tabulated 9.49. Therefore, the null hypothesis was rejected and the alternative hypothesis accepted which state that corporate policies has significant effect on employee commitment to work.

Hypothesis two

H₀₂: Employee involvement in the policy making and implementation process does not ensure full commitment to work.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson chi-Square	35.742 ^a	2	.000
Likelihood Ratio	39.417	2	.000
Linear-by-Linear Association	26.916	1	.000
N of Valid Cases	56		

The result of our analysis using Chi-Square test revealed that Pearson Chi-Square calculated 35.742 is greater than Chi-Square tabulated 5.99. Therefore, the null hypothesis was rejected and the alternative hypothesis accepted with state that employee involvement in policy making and implementation process ensure full commitment to work.

Hypothesis three

H₀₃: Employees level of commitment does not affect the success of the organization.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson chi-Square	25.700 ^a	2	.012
Likelihood Ratio	27.822	2	.007
Linear-by-Linear Association	19.354	1	.001
N of Valid Cases	56		

The result of our analysis using Chi-Square test revealed that Pearson Chi-Square calculated 25.700 is greater than Chi-Square 5.99. Therefore, the null hypothesis was rejected and the alternative hypothesis accepted which state that employee level of commitment affects the success of the organization.

Data Interpretation

The result of the hypotheses using Chi-Square test confirmed the conclusion of the percentage and frequency computation. The result of the first hypothesis revealed that corporate policies significantly affect employee job commitment. The result of the second hypothesis revealed that employee involvement in policy making and implementation process ensure full commitment to

work. Lastly, the result of the third hypothesis shows employee level of commitment affect the success of the organization.

Conclusion

The findings from this study conclude that the corporate policies of an organization determine the level of commitment of the employees in that organization. The type of policies will either make or mar the success of the organization. Therefore, it is imperative that the right type of policies are formulated and implemented so as to have a high level of employee commitment in an organization. The study finally concluded that employee involvement in policy formulation increases their level of commitment to the organization.

Recommendations

Based on the results of the study, the following recommendations are proffered:

1. Organizations should ensure that the right type of policies are formulated and implemented so as to have a highly committed work force.
2. It is imperative that the process of corporate policy formulation and implementation should and thus increase their commitment and performance.
3. The success of any organization lies on the shoulder of a commitment workforce. Therefore, policies be formulated and implemented with the aim of motivating employees for improve performance.

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