

Moderating Effect of Employee Training on the Relationship between Organizational Commitment and Employee Performance among Insurance Firms in Eldoret, Kenya

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Abstract: *Given its profound influence, organizational commitment is increasingly becoming a valued asset for most organizations. However, the mechanics of how to forge the right level of employee commitment to the organization is still not straightforward, more specifically among insurance firms in Kenya. Towards this endeavour the study was founded on the following objectives: to determine the effect of organizational commitment on employee performance for selected insurance companies in Eldoret town and to determine the moderating effect of employee training on the link between organizational commitment and employee performance. The study adopted an explanatory research design. A target population was drawn from 10 selected insurance firms in Eldoret and a census of 156 respondents was taken. To ensure validity and reliability, Cronbach's alpha values were used; values > 0.7 was accepted. From the results predictors of employee commitment, affective commitment ($\beta = 0.344$, $t = 3.724$, $P < 0.05$) positive and significant effect on performance. In conclusion affective commitment positively influenced employee performance while training partially moderated the relationship between employee affective commitment and performance. The study therefore recommends that organizations use training programs to achieve effective employee affective commitment towards an end that is better performance. They need also to benchmark best practices. Lastly the study recommends that future research be informed by other theories other than SET.*

I. INTRODUCTION

Employees in the organization perform different jobs so as to help it meet its objectives. It therefore goes without saying that the success of any organization is closely knit to the job performance of its employees. Seemingly Employee Performance must therefore be seen as the completion of tasks by an individual, as set and measured by the organization, to pre-defined acceptable standards. Employee performance relates not only to work quantity but also to quality, timeliness, efficiency and effectiveness (Mathis & Jackson, 2013). Interestingly employee performance has been found to go hand in hand with one's commitment to the organization, in that committed employees have been found to really identify with the organization, are positive about their jobs (Su, 2012), devote time, (Kelloway, Inness, Barling, Francis & Turner, 2010) and perform seemingly better than those who are either less or not committed (Lin, Lin & Lin, 2012). Over the years commitment has come to receive keen interest from scholars (see Khan, Ziauddin & Ramay, 2010; Klein, Molloy & Brinsfield, 2012; Tolentino, 2013; Foroozandeh, Mojtaba & Mohammad, 2014; Rahman, Ferdousy & Karan, 2015). Described as a bond employees share with the organisation (Klein, Molloy, & Brinsfield, 2012); Organizational commitment epitomizes how well employees fit and fully participate in their given organizations. Guest and Conway (2011) advance that the benefits of having such employees' lies in their greater contribution to organizational success. Although studies have linked organizational commitment to training, while others studies have associated employee performance with their commitment to the organization, (see Qaisar, Rehman, and Suffyan, 2012; Memari, Mahdih & Barati, 2013; Heyrani, Dehnavi & Ghorbanpour, 2014), little is still known on the positive role of employee training on the relationship between organizational commitment and employee performance for insurance companies in Kenya. Further, the debate on how organizational commitment is materialized is also torn between two predominant perspectives vis a vis the psychological approach to commitment (which gives that employees get committed when they psychologically identify with the goals and beliefs of the organization) and the exchange approach (where commitment is seen to culminate from a mental evaluation of the costs and benefits of staying with the said organization) (Pinauin, 2012; Xerri, 2013; Klein, Molloy & Brinsfield, 2012). Accordingly, this study will therefore seek to fully interrogate how

training fosters organizational commitment and if this renders improved employee performance more so with the applicability of such findings to the insurance industry in Kenya

1.1 Statement of the Problem

'Employees being the organization's ultimate asset' cannot be emphasized enough; successful firms have actively pursued talented individuals and sold prospective employees on their held goals. Despite this fact some employees still don't take any role in achieving organizational goals (Irefin & Ali, 2014). Confusion arises from a mismatch of employee and organization's goals, the organization then struggles with how to fully engage such employees to willingly invest their energy and talents into its overall success. This difference in held goals has borne wide spread work apathy, absenteeism, lateness, employee turnover, and poor quality of work making affected employees less productive. Our understanding on the matter that is commitment has been limited, more specifically; on studies that notably accentuate the role of commitment based training practices on employee performance for insurance companies in Kenya. Now more than ever research has to chart a clearer path (Guest, 2011; Kehoe and Wright, 2013). It is against this backdrop that this study thus endeavoured to fill in the gap in literature by probing the link between organizational commitment and employee performance as moderated by training for selected insurance companies within Eldoret town.

II. LITERATURE REVIEW

2.1. Organizational commitment, employee performance and Social Exchange Theory

Organizational commitment defines a mental connection and involvement an employee has with/ in the organization (Imran & Ahmed, 2012); which goes beyond just being loyal (Lamba & Choudhary, 2013). Klein, Molloy & Brinsfield, (2012) called it a 'bond' resulting from a 'force' that reflects both devotion and obligation to the organization. Interestingly, the concept first found meaning from earlier works by Meyer & Allen, (1991) who proposed the three dimensions of commitment (affective, normative, & continuance commitment) that simultaneously work to bind the employee to the organization. Affective commitment describes a strong fondness for and preoccupation with the organization as characterized by thinking more and more of the organization. Affective committed employees readily identify with the goals of the organization and stay part of the same. According to Leroy, Palanski and Simons (2012) Affective Commitment describes a psychological state that mirrors the intense connection an employee has with the organization. Individuals with high affective commitment will stay with their organization from a desire to do so and exhibit higher levels of performance, (Meyer & Allen, 1997). Tolentino (2013) in an investigation of organizational commitment in a university sampled 248 academic and administrative staff in Manila. She reports that staff commitment to the university is positively related to their high performance. Similarly, Memari et al., (2013) investigate the association of high levels of staff organizational commitment with performance for employee working in an Iranian Bank. Their finding reaffirms the direct association of organizational commitment with employees' job performance. Meyer (1989) in Jafri & Lhamo, (2013) argues that employees who are highly committed to the organization tend to give their all on behalf of the organization; therefore perform at a relatively higher level.

Folorunso, Adewale and Abodunde, (2014) in support examined the impact of organizational commitment on employees' performance for academic staff in Nigerian public institutions of higher learning. Using Meyer & Allen (1997) scale for commitment show that there exists a significant relationship between organizational commitment and employee performance. Researchers have ascribed to employees entering the organization bringing along skills, aspirations and personal goals, at the same time hoping for an ideal organization which meets their work and life expectations. McClean and Collins, (2011) in a disquisition of human resource practices, employee devotion, and performance, argue that commitment rooted human resource practices bring about a situation where the organization is committed to the employee who then reciprocates by behaving in a way that benefits the same organization

H₀₁. There is no significant relationship between affective commitment and employee performance for selected insurance firms in Eldoret town

H₀₂. There is no significant moderation effect of training on the relationship between affective commitment and employee performance

III. MATERIALS AND METHODS

The study employed the explanatory research design. A target population was drawn from 10 selected insurance firms in Eldoret and a census of 156 respondents was taken. The 10 firms were selected on the basis of longevity in business. The study employed 5-point likert questionnaires as data collection instruments. Cronbach's alpha values were used; values > 0.7 was accepted.

Table 1: Target population

Insurance Firm		Target population
Heritage Kenindia	10	8
Fidelity	15	
ICEA		25
OldMutual		15
Kenya alliance		5
Jubilee		20
Pioneer	30	
Xplico		11
AAR		17
Total		156

3.1 Data Analysis

Data collected was analyzed by use of both descriptive (mean, median & standard deviation) and inferential statistics (regression) and with the aid of SPSS software. Pearson correlation was used to show the direction and extent of association between variables. Correlation between two variables can either be +1 or -1; positive signifying strong correlation and negative implying a weak or no correlation between variables. Multiple regression analysis was used to test the hypothesis (Hair et al., 2010). To use multiple regression analysis, the following assumptions about the variables are made; first, the study variables are assumed to have normal distributions. To check on this assumption the researcher will rely on skewness and kurtosis values generated by SPSS. Secondly, the variance between the independent variables must be equally distributed/ constant, also known as homoscedasticity.

This assumption was tested by use of Durbin Watson statistics. Third, the assumed association between the independent and dependent variables must be linear. Fourth, multiple linear regression assumes slight or no multicollinearity exists in the data. Multicollinearity was checked against Tolerance. Tolerance measures the positive effect of an independent variable on all the independent variables. When $T < 0.2$; good indication there may be multicollinearity in the data as for $T < 0.01$ there is multicollinearity. The researcher had keen interest in ensuring these assumptions are met so as to guarantee results are trustworthy and that no errors (Type I or Type II) occur. To test the hypothesis the researcher related the results found from the analysis carried out to the hypothesis stated in chapter one. The regression model for the study was therefore expressed as below:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon \dots \dots \dots (i)$$

$$Y = \beta_0 + \beta_1 X_1 + Z + \epsilon \dots \dots \dots (ii)$$

- Where:
 Y=employee performance
 β_0 =Constant
 $\beta_1 X_n$ =organizational commitment
 X_1 =affective commitment
 X_1+Z = affective commitment moderated by training
 ϵ =error term

IV. RESULTS AND DISCUSSION

4.1. Correlations

From the study Karl Pearson’s coefficient of correlation was applied to check whether there is a relationship between the variables. From the study, when the correlation coefficient values (r) ranges from 0.10-0.29, it is considered to be weak correlation, 0.30-0.49, medium, 0.5-1.0 is considered strong, Wong and Hiew (2005). Thus affective commitment is positively and statistically significant (r=0.863, p=0.000). This implies that affective commitments is correlated to employee performance and is positively and statistically significant. From the study it should be noted, the above table was at 99% level of confidence (significant at the 0.01 level (2-tailed), since a unit change in affective commitment leads to 86.3% % change in employee performance.

Table 4.1 Correlation Analysis

		Affective Commitment	Performance
Affective	Pearson Correlation	1	.863**
	Sig. (2-tailed)		.000
	N	128	128
Performance	Pearson Correlation	.863**	1
	Sig. (2-tailed)	.000	
	N	128	128

** . Correlation is significant at the 0.01 level (2-tailed).

4.2. Test for Multicollinearity

Multicollinearity refers to a situation in which there is a high degree of association between independent variables is said to be a problem of multicollinearity which results into large standard errors of the coefficients associated with the affected variables. Multicollinearity can occur in multiple regression models in which some of the independent variables are significantly correlated among themselves. In a regression model that best fits the data, independent variables correlate highly with dependent variables but correlate, at most, minimally with each other (Mugenda&Mugenda, 2012). Multicollinearity can also be solved by deleting one of the highly correlated variables and re-computing the regression equation. The pilot data was tested for multicollinearity of the accepted variables.

From the Table 4.9 the tolerances are all above 0.2. If a variable has collinearity tolerance of below 0.2 implies that 80% of its variance is shared with some other independent variables. The Variance Inflation Factors (VIFs) are all below 5. The VIF is generally the inverse of the tolerance. Multicollinearity is associated with VIF above 5 and tolerance below 0.2. The accepted variables were therefore determined not to exhibit multicollinearity and acceptable for further analysis.

Table 4.2. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Affective Commitment	.172	4.806
	Training	.710	1.408

a. Dependent Variable: Employee Performance

4.3. Test for Normality

The study assumed that all the variables have a normal distribution. Kurtosis and Skewness were used in order to test the assumption of the normality of the population distribution, whereby a Skewness and kurtosis should be between ±1.96. Normality can be defined as, the shape of the data distribution for an individual variable and its association to the normal distribution, the benchmark for statistical methods. Skewness and kurtosis measures of the distributions should be calculated. Where Skewness describes how symmetrical the distribution is around the center, kurtosis describes how flat or peaked the distribution is (Cohen *et al.*, 2003). Table 4.10 shows all variables with corresponding Skewness and kurtosis values.

Table 4.3 Test for Normality

	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Affective Commitment	128	3.8047	-.854	.214	-.274	.425
Employee Performance	128	3.9349	-.973	.214	.333	.425
Training	128	4.0141	-1.260	.214	1.867	.425

4.4. Homoscedasticity Test

Homoscedasticity assumes that the dependent variable show an equivalent level of variance across the range of predictor variable. Homoscedasticity is one of the assumptions required for multivariate analysis. Although the violation of homoscedasticity might reduce the accuracy of the analysis, the effect on ungrouped data is not fatal (Tabachnick and Fidell, 2007). The study used Durbin-Watson statistic to test the assumption of Homoscedasticity, the Durbin-Watson statistic should be between 1.5 and 2.5. The results in table 4.11 indicated that The Durbin-Watson statistic is 1.604 which is between 1.5 and 2.5 and therefore the data is not auto correlated.

Table 4.4. Homoscedasticity Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.916 ^a	.839	.834	.37311	1.604

a. Predictors: (Constant), Training, Continuance, Normative, Affective

b. Dependent Variable: Employee Performance

4.5 Test of Hypothesis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. Additionally a stepwise analysis was conducted to test the hypotheses. In order to test whether training moderated employee affective commitment, the study followed the suggestions given by Aiken and West (1991) to standardize predictor variables to reduce multi-collinearity problem that arises when a moderator variable is computed as a product of two predictor variables. To avoid multicollinearity risk created by generating a new variable through multiplying two existing variable, interacted variables were converted to Z scores with mean of zero and standard deviation of one. The interaction variables were therefore created by multiplying the standardized variables together.

Table 4.5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.863 ^a	.745	.743	.46475
2	.888 ^b	.788	.785	.42540

a. Predictors: (Constant), AFFECTIVE

b. Predictors: (Constant), AFFECTIVE, afftrn

Stepwise regression model summary results between affective commitment and performance moderated by training indicates that the training as a moderator explained 74.5% ($R^2 = 0.745$) of the variance on employee performance and was statistically significant as shown in model 1. Affective commitment explained 88.8% ($R^2 = 0.888$) of the variance on employee performance and they is statistically significant as shown in model 2 as shown in Table 4.2.

Table 4.6. ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.465	1	79.465	367.903	.000 ^b
	Residual	27.215	126	.216		
	Total	106.680	127			
2	Regression	84.059	2	42.030	232.252	.000 ^c
	Residual	22.621	125	.181		
	Total	106.680	127			

a. Dependent Variable: Performance

b. Predictors: (Constant), Affective

c. Predictors: (Constant), Affective, Affective Training

Results indicated by model 1 and 2 shows good model fit as illustrated by overall test of significance with p value 0.000 (< 0.05 level of significance) as summarized in Table 4.3. In other words the independent variables, moderator and the interactions between affective commitment and performance moderated by training were statistically highly significant predictors of employee performance (Table 4.3). Thus, models 1 and 2 were valid and fit to predict employee performance using interaction of affective commitment with training.

Table 4.7.Coefficients

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.790	.169		4.677	.000
	Affective	.826	.043	.863	19.181	.000
2	(Constant)	1.123	.168		6.677	.000
	Affective	.387	.096	.405	4.050	.000
	Affective Training	.086	.017	.503	5.039	.000

a. Dependent Variable: Performance

The regression coefficients for affective commitment of employee performance ($\beta = 0.344$, $t = 3.724$, $P < 0.05$) was statistically significant. The results led to the rejection of the hypothesis H_{01} suggesting that affective commitment has no significant effect on employee performance for selected insurance companies in Eldoret town. From the findings in Table 4.4, the study results therefore met the criteria of introducing moderator. Since moderator variable can be considered when the relationship between a predictor variable and a dependent variable was strong, but most often it is considered when there is an unexpectedly weak or inconsistent relationship between a predictor and a dependent variable (Holmbeck, 1997).

In the model 2 it was possible to accurately assess the true impact of training on employee performance. The stepwise regression results indicated that affective commitment ($\beta = 0.321$, $t = 3.866$, $P < 0.05$), was positive and statistically significant predictors of employee performance. This indicated that training at this stage was a moderator as it influenced employee performance. This predicted that there was a significant effect of training on the relationship between affective commitment and employee performance. Aiken and West, (1991) stated that a moderator effect could increase the effect of the exogenous on the endogenous variable called enhancing moderator, decrease the effect of the exogenous on the endogenous variable called buffering moderator or reverse the effect of the exogenous variable on the endogenous variable called antagonistic moderation

V. CONCLUSIONS

The study findings indicated that affective commitment had a statistically significant effect on employee performance ($r=0.863$, $p=0.000$). From the findings and discussion, we conclude that, there was significant relationship between affective commitment and employee performance. Therefore, the study concludes that employees feel strongly accepted, they are proud of their job in the respective insurance companies and they feel that the organization is very special to them.

5.1. Recommendation of the Study

In view of the findings of the study and with guidance from the literature review, it is apparent that employee training for organizations is an important moderating variable in the relationship between commitment and employee performance. While there are other factors crucial for employee performance, from the results the study recommends that;

1. The organization should pay more attention to addressing employee commitment through effective training in order to increase employee performance.
2. The organization should ensure the right levels and combination mixes of organizational commitment that works at every point of an employee’s career growth within the organization.

5.1.1.Suggestion for Further Studies

The present study focused on the moderating effect of employee training on the relationship between organizational commitment and employee performance among insurance firms in Eldoret, Kenya.

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

1. Other predetermining factors of organizational commitment to enrich the relationship between employee organizational commitment and employee performance.
2. Similar research should be replicated in a different institution to determine whether training still moderates the relationship between employee organizational commitment and employee performance.

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