

**EFFECTS OF ORGANISATIONAL CITIZENSHIP BEHAVIOUR,  
EMPLOYEE PERCEPTION OF EQUITY AND ORGANISATIONAL  
COMMITMENT ON INTENTION TO STAY IN ZIMBABWEAN SMEs**

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September 2015

## **DECLARATION**

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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### **STATEMENT 1**

This dissertation is being submitted in fulfilment of the requirements for the degree of Doctor Technologiae: Marketing

### **STATEMENT 2**

The dissertation is the result of my own independent work/investigation, except otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

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## **DEDICATION**

This work is dedicated to:

Enock Chakubva, my late father, whose encouragement and dedication to strive for the best in life has taken me to this destination. He is my hero and there are no words to express my gratitude to my humble late father who always tolerated and encouraged me to become a successful human being. His wise words will live with me until we meet again.

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## **ABSTRACT**

Small and medium enterprises (SMEs) are the stronghold of economies and societies worldwide. In Zimbabwe, as in any other country, there is a realisation that SMEs are innovative, flexible and require low startup capital. There is an increased interest in pursuing SMEs as a poverty reduction strategy and as a roadmap to higher living standards. SMEs in Zimbabwe are divided into two sectors, namely the service and the manufacturing sector. SME manufacturers encompass almost every facet of the local economy, such as food processing, toiletry production, the garment, leather and rubber industry, metal fabrication, furniture manufacturing, construction and art.

Most research that has been done on the influence of employee perception of equity (EPE), organisational citizenship behaviour (OCB) on organisational commitment (OC) and turnover intention (ITS) has been on large organisations and little attention has been paid to SMEs. Studies on employee perception of equity and organisational citizenship behaviour has not filtered down to SMEs in developing countries.

The primary objective of the study is to investigate the influence of OCB, EPE and OC on ITS in Zimbabwe's SME sector. It also sought to ascertain the kind of relationships between OCB and OC, EPE with OC, OCB with ITS, EPE with ITS and finally OC with ITS. This study sought to determine whether there are any group differences with regard to SMEs employees perceptions on OCB, EPE, OC and ITS according to gender, age and industry type. A quantitative research method was used. Structured questionnaires were distributed to SMEs in five major cities. The data were collected from SME employees.

The findings of this study show that there is a significantly positive influence of OCB on OC in the Zimbabwean SMEs. There is a significant strong positive influence of EPE on OC. There is also significant positive relationship between employees' OCBs and their OC in Zimbabwe's SME sector. There is a strong positive significant relationship of EPE with ITS and there is a strong positive relationship between employees OCBs and employees' ITS in Zimbabwean SMEs. Finally, the results reveal that gender, marital status and industry type of the respondent influence OCBs, EPE, OC and their ITS in the Zimbabwean SMEs. Given that today's business environments for SMEs are characterised by high levels of competition, lack of finance and uncertainty, it is recommended that SME managers should adopt good and proper management

styles so that they can make good decisions. Scanning the environment is also necessary for competitive advantage not only for SMEs but also for large firms.

**Keywords:** small and medium enterprises, organisational citizenship behaviour, employee perception of equity, organisational commitment, employee intention to stay.

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# **CHAPTER 1**

## **INTRODUCTION AND PROBLEM ORIENTATION**

### **1.1 INTRODUCTION AND BACKGROUND TO THE STUDY**

This study seeks to investigate the influence of organisational citizenship behaviour (OCB), employee perception of equity (EPE) and organisational commitment (OC) on employee intention to stay (ITS) in Zimbabwe's SME sector. SMEs are the mainstay of economies and societies of many countries around the world. Over the years, research has shown that these enterprises are critical to the economy because of the way in which they contribute to the gross domestic product (GDP) and their ability to provide goods and services, which large enterprises depend upon (Chipika & Wilson 2006:969). In many countries, SMEs play a significant role in local communities by providing employment opportunities, social stability and economic welfare (Biggs & Shah 2006:3051).

The concepts of organisational citizenship behaviour and perceived equity have intrigued academics and practitioners for decades (Sieger, Bernhard & Frey, 2011:78; Jung & Yoon, 2012:369). Research on organisational citizenship behaviour and equity concerns has developed as a worthwhile body of systematic investigation during the past twenty years (Yoon & Sur 2003:597; Ravichandran & Gilmore 2007:19; Park, Ellis, Kim & Prideaux 2010:203; Nicklin, Greenbaum, McNall, Folger & Williams 2011:127). Researchers have extensively debated that organisational citizenship behaviour is an endemic phenomenon in organisations and that it deserves more consideration and practical scrutiny (Koys 2001:101; Cho & Johanson 2008:308; Padsakoff, Whiting, Podsakoff & Blume 2009:122). The importance of organisational citizenship behaviour lies in its prospective positive consequences and effects on work results. Research has provided substantial proof that organisational citizenship behaviour, among others, breeds positive perceptions of equity, enhances organisational commitment and finally prompts employee intention to stay in the organisation (Ferris, Adams, Kolodinsky, Hochwarter & Ammeter 2002:222; Rosen, Chang, Johnson & Levy 2009:205; Park *et al.* 2011:210).

On the other hand, the known wisdom in human resource management literature is that most labour disputes emanate from workers' perception of inequity (Nicklin *et al.* 2011:98). This is

because perceived inequity can affect attitudes and behaviours in a variety of ways, which eventually precipitates labour disputes or even strikes (Colquitt, Conlon, Wesson, Porter & Ng 2001:440). It is argued further in the literature that perceived inequities at the work place also negatively impact on job performance, cooperation with co-workers, work quality, and commitment to employers (Cropanzano, Howes, Grandey & Toth 1997:160).

Notable in the literature is the fact that when workers' commitment to their organisation is lacking, turnover intention or turnover is prevalent (Gono 2009:20). Moreover, it is argued in the extant literature that turnover intentions or turnover should be reduced or shunned by organisations since it is more costly to replace an employee than to retain one (Carson & Gilmore 2000:130). In view of that, research interests on the effects of organisational citizenship behaviour, perception of equity and organisational commitment on employee intention to stay are substantial and growing (Andrews, Witt & Kacmar 2003:358). Regrettably, the majority of the research has concentrated on large sized firms, with little concern to the small and medium enterprise (SME) sector in developing countries of Africa.

## **1.2 PROBLEM STATEMENT**

According to Chinomona, Lin, Wang and Cheng (2010:110), the SME sector in both developed and developing countries, is considered as the engine of economic growth and a vehicle for employment generation. However, it is surprising that the impact of OCB, perception of equity and organisational commitment on employee intention to stay in the SME sector has been largely neglected by researchers. Indeed, such an inquiry is imperative and is likely to contribute to a deeper understanding of the relationship between these constructs. Notably, there is growing evidence indicating that large size firms and SMEs characteristics are different (Sieger, Bernard & Frey 2011:88). Thus it can be expected that the findings from large firms and SMEs might be different. This necessitates an empirical confirmation or disconfirmation of previous findings in the context of SMEs, hence the need for this study. Equally alarming is the fact that a plethora of such studies on large size firms were based on developed countries (Chinomona & Pretorius 2011:170). It has been argued in previous research from developing countries that it is naive and not judicious to assume a-priori that findings from developed countries apply in developing countries such as those in Southern Africa (Chinomona *et al.* 2010:111). The effects of organisational citizenship behaviour, perception of equity and organisational commitment on employee intention to stay in the context of SMEs in Zimbabwe is long outstanding and imperatively warrant further academic and in-depth scrutiny.

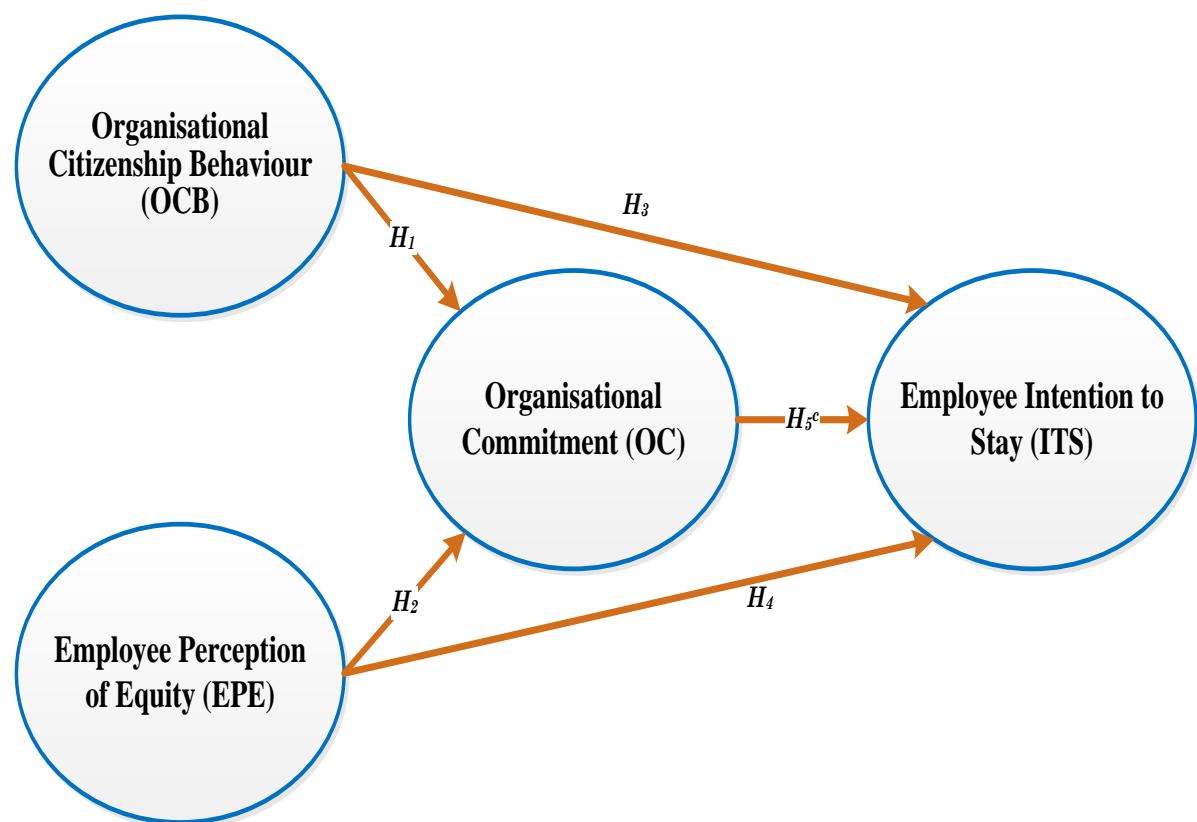
### 1.3

## MODEL, HYPOTHESES AND THEORETICAL OBJECTIVES OF THE STUDY

The study seeks to determine the influence of organisational citizenship behaviour and employee perception of equity on organisational commitment and employee intention to stay.

### 1.3.1 The proposed research model

Drawing from the literature review, in particular the theoretical and empirical literature aforementioned, a research model is conceptualised. Hypothesised relationships between research constructs are developed thereafter. In the conceptualised research model, organisational citizenship behaviour and employee perception of equity are proposed to be the predictors of organisational commitment and employee intentions to stay. Employee intention to stay will be the outcome variable while organisational commitment is posited to be a mediating variable. Furthermore the model proposed has one-directional causal effect, in other words it is a recursive model. OCB and EPE serve as exogenous latent factors and OCB and ITS as endogenous latent factors. Figure 1:1 illustrates this conceptual research model.



**Figure 1:1: The research model**

Based on the conceptual model, the following hypotheses are formulated:

### **1.3.2 Relationship between organisational citizenship behaviour and organisational commitment**

Bolino and Turnley (2005:740) acknowledge that there is a broader impact of OCBs on organisational effectiveness, which leads to organisational commitment at workplaces. It is important to note that when employees perceive to be treated fairly at work they are more willing to engage in OCBs, therefore managers are encouraged to make and implement employee-related decisions in an equitable fashion (Chiang & Hsieh 2011:181). Successful organisations need employees who will do more than their usual job duties, who will provide performance beyond expectations. Employees who engage in “good citizenship” behaviours help others on their team, volunteer for extra work, avoid unnecessary conflicts, respect the spirit as well as the letter of rules and regulations and gracefully tolerate additional work (Cho & Johanson 2008:307). Empirical evidence from organisational behaviour literature indicates that organisations that have employees with good citizenship behaviour outperform those that do not have such employees (Greenberg 2009:181; Jain & Cooper 2012:155; Jung & Yoon 2012:369). In the same vein, good OCBs are reported in extant literature to precipitate reduced workplace absenteeism, turnover intentions and deviant workplace behaviour (Bolino & Trurnley 2005:741). According to Jung and Yoon (2012:365), organisational behaviours such as reduced workplace absenteeism, turnover intentions and deviant workplace behaviour are associated with organisational commitment. Jain and Cooper (2012:155) echoed the same sentiments and found that organisational citizenship behaviour leads to organisational commitment. As a result of organisational citizenship behaviours, SME employees who bring their entire selves (physical, mental, emotional and spiritual) to the company, regard their work as a mission and more than as a mere job (Jain & Cooper 2012:155). Eventually, this in turn will likely equip them with the enthusiasm to pursue extra citizenship behaviours at work (Moxley 2000:12). Thus, an association between SME employees’ citizenship behaviour and their organisational commitment can be conjectured. Previous studies have also provided support for the positive influence of organisational citizenship behaviour and organisational commitment (Milliman, Czaplewski & Ferguson 2003:426). Accordingly, it is expected in this study that employee organisational behaviours are likely to lead to organisational commitment in the SME sector in Zimbabwe. Therefore, drawing from this deliberation, H1 is proposed as follows:

**H1:** Organisational citizenship behaviours have a significant strong positive effect on their organisational commitment in the Zimbabwe's SME sector.

### **1.3.3 Relationship between employee perception of equity and organisational commitment**

Employees are likely to develop a strong positive view toward their organisation if they perceive fairness at the workplace. Such a strong positive attitude is likely to arouse employees' emotional attachment to their organisation. Consequently, the stronger the perceived fairness, the stronger the positive attitude and emotional attachment the employee has to the organisation, hence the stronger organisational commitment. It is believed that when workers put effort into their workplace and that effort is fairly rewarded, commitment to that organisation will result (Mowday, Porter & Steers 1979:224; Almar 2005:2). Such employee perception of fair play is likely to motivate and induce them to be loyal to that organisation and eventually lead to long-term organisational commitment. The Equity theory has been used in numerous human resources studies to substantiate this reasoning (Kotabe, Dubinsky & Chae 1992:41; Shelley 2001:22). On top of this, prior empirical studies have supported a positive linkage between employee perception of equity and organisational commitment (Laschinger, Shamian & Thomson 2001:209; Lemons & Jones 2001:268; N'Goal 2007:510). Likewise, when SME employees perceive their rewards to be fair or equitable when compared to their effort they are likely to be committed to that organisation. Therefore, based on the aforementioned theoretical reasoning and empirical evidence, it is posited that:

**H2:** Employees' perceptions of equity have a significant strong positive effect on their organisational commitment in the Zimbabwe SME sector.

### **1.3.4 Organisational citizenship behaviour and employee intention to stay**

The questions that challenge academics and human resource practitioners alike are: Why do people leave their jobs? and Why do they stay in their jobs? Over the years, researchers have developed partial answers to these questions (Mitchell, Holtom, Lee, Sablinski & Erez 2001:1102). Perhaps, given alternatives, people stay if they are satisfied with their jobs and committed to their organisations and leave if they are not. However, empirical evidence indicates that work attitudes play a relatively small role in employee tenure or turnover intention (Hom & Griffeth 1995:12; Griffeth, Hom & Gaertner 2000:463). On the other hand,

empirical evidence entails that employees with organisational citizenship behaviour always feel wanted and act as part of the organisation and will opt for staying on the job (Mitchell *et al.* 2001:1102). The extant organisational behaviour literature indicates that, such innovative and spontaneous behaviours by employees can greatly contribute to the cooperation and performance of an organisation and ultimately high intention to stay on the job (Stamper & Van Dyne 2003:33). Various other theories have been developed to authenticate the above assertion such as the relational exchange theory, affect theory, power-dependence theory, relational cohesion theory and leader member exchange (LMX) theory. In this study, social exchange theory (SET) provides the theoretical ground for LMX theory that is chosen and used because of their relevance to the current study in that OCB lead to employees opting to stay on the job and reduce turnover intention. Therefore, based on the aforementioned theoretical reasoning and empirical evidence, it is posited that:

**H3:** Organisational citizenship behaviour has a significant positive effect on intention to stay on the job in Zimbabwe SME sector.

### **1.3.5              Relationship between employee perception of equity and employee intention to stay**

A cross analysis of the existing empirical human resources literature indicate that employee perception of equity leads to low turnover intention (Ranida 2005:1). The reasoning is that when employees feel treated, they feel motivated to stay in an organisation and, therefore, reduce their intention to leave and opt to stay on the job (Fishbein & Ajzen 1975:12; Griffeth, Hom & Greater 2000: 463; Price 2001:600). The reasoning in equity theory as well as justice judgment theory also supports this argument. Consequently, when SME employees perceive equity in their organisation, they are happy and become loyal to that organisation. Finally, the employees would not opt for leaving the job (Curriyan 1999: 495; Solinger, Olffen & Roe 2008:55). In such a case, they are motivated to leave the organisation, hence their turnover intention is reduced. Therefore, this research postulates that:

**H4:** Employees' perceptions of equity have a significant strong positive effect on their intention to stay in the Zimbabwe' SME sector.

### **1.3.6 Relationship between organisational commitment and employee intention to stay**

The relationship between organisational commitment and intention to stay has been revised and scrutinized extensively by researchers and academics (Meyer & Allen 1997:11; Cater & Zabkar (2009:785). Most of these studies argue that organisational commitment is an indication of employee satisfaction with their workplace, and as a result of this satisfaction, their turnover intention is reduced. Besides, equity and justice judgment theories agree in that an employee who feels fairly treated, motivated and committed to the job is unlikely to contemplate leaving an organisation for another organisation. Furthermore, substantial empirical evidence has supported the positive linkage between organisational commitment and employee intention to stay on the job (Meyer & Allen 1991:61; Meyer & Herscovitch 2001:299; Rhoades, Eisenberger & Armeli 2001:825; Meyer, Stanley, Herscovitch & Topolnytsky 2002:20). Hence, when workers are committed to their organisation because they feel motivated and fairly treated, they are inspired to stay on the job. Therefore, drawing from the aforementioned arguments, it is posited that:

**H5:** Employees' organisational commitment has a strong significant positive effect on their intention to stay in the Zimbabwe' SME sector.

## **1.4 RESEARCH OBJECTIVES**

The objectives of this study are divided into primary and secondary objectives; the latter is divided into theoretical and empirical objectives.

### **1.4.1 Primary objectives**

The primary objective of the study is to investigate the influence of organisational citizenship behaviour, perception of equity and organisational commitment on employee intentions to stay in the Zimbabwe's SME sector.

### **1.4.2 Theoretical objectives**

Theoretical objectives are based on literature review of the research context and research variables. In this study the subsequent theoretical objectives have been articulated for the study:

- To conduct a literature review related to SMEs in Zimbabwe

- To conduct a literature review on organisational citizenship behaviour
- To conduct a literature review on employee perception of equity
- To conduct a literature review on employee organisational commitment
- To conduct a literature review on employee intention to stay.

#### **1.4.3 Empirical objectives**

Empirical objectives are based on the relationships between research variables that this study seeks to measure. In this study, six empirical objectives are posited as follows:

- To investigate the influence of organisational citizenship behaviour (OCB) on their organisational commitment (OC) in the Zimbabwe SME sector
- To investigate the influence of employees' perception of equity (EPE) on their organisational commitment in the Zimbabwe SMEs sector
- To investigate the influence of organisational citizenship behaviour on their intention to stay in the Zimbabwe SMEs sector
- To investigate the influence of employees' perception of equity (POE) on their intention to stay (ITS) in the Zimbabwe SME sector
- To investigate the influence of employees' organisational commitment (OC) on their intention to stay in the Zimbabwe SME sector
- To establish whether there are any group differences with regard to SMEs employee perception on OCB, EPE, OC and ITS according to age category, gender, marital status, industry type, product type, monthly salary, working experience, academic qualifications and industry type.

#### **1.5 SIGNIFICANCE OF THE STUDY**

Nyoni (2002:15) stipulated that in Zimbabwe, an SME is labelled as a registered company with a maximum of 100 employees and a maximum annual turnover of 830, 000 US dollars. It employs almost 70 percent of the country's population and controls sixty five percent of the total corporate purchasing power (Chipika & Wilson 2006:970).

Given the government of Zimbabwe's goals to reduce the high unemployment rate and to create wealth and the undeniable importance of SMEs to achieve these goals, research on how SMEs can retain their employees and motivate them in order to grow their business is indispensable (Chinomona *et al.* 2010:60). The extent to which the government and small business owners create the enabling environment in the SME sector by shunning nepotism, and favouritism, and eradicating the ravaging effects of economic decadence at the workplace remains a paramount issue warranting both academic and empirical investigation for practical purposes (Chinomona & Pretorius 2011:40). Based on the findings, recommendations will be made to both the government policy makers and the SME owners. The proposed study is expected to have practical and theoretical implications to both the policy makers in the government and the owners of small businesses in Zimbabwe. In addition, it will provide added insights and added new knowledge to the existing body of literature on human resource management, hitherto not studied extensively in developing countries of Southern Africa and Zimbabwe in particular.

## **1.6 RESEARCH DESIGN**

Taking into account the nature and strengths of both quantitative and qualitative research methods the researcher has decided to employ a quantitative research tool for this research for reliability and validity reasons. Quantitative research allows researchers to provide statistical facts and estimates about relationships between constructs of research interest and to generalise inferences about the defined target population. Du Plessis and Rousseau (2007:21) view quantitative research tools as systematic and structured, which aim at obtaining information from respondents in a direct and open manner. Results obtained from these research tools are easily quantifiable and the instruments have a potentially high degree of accuracy. These tools are often used for testing specific hypotheses in contrast to qualitative research tools, which are more unstructured, flexible, and diagnostic than quantitative research tools and aim to obtain information from respondents in an indirect manner. Their results are more descriptive, but are difficult to quantify and prone to measurement error and bias (Hair, Babin, Anderson & Tatham 2010:4). Qualitative research tools often are used in exploratory research and are appropriate for hypothesis generation.

### **1.6.1 Literature review**

It is essential to conduct a review of the related literature as this will strengthen the procedure to be used, restrict data collection to what is really of material value to the current study and

assist with data verification (Babbie 2010:523). It facilitates the summarising of past results whilst revealing potential reasons for inconsistencies in past research findings and directing future investigations (Alasuutari, Bickman & Brannen 2009:536). Various literature related to the topic under study, therefore, will be reviewed and other material such as books, journals, completed theses and online information will be examined to have a clear understanding of the concepts in the study and their influence on each other.

### **1.6.2 Empirical study**

The empirical part of this research will comprise the following methodological aspects:

### **1.6.3 Sampling design technique**

Sampling techniques are divided into probability and non-probability sampling (Hair *et al.* 2010:20). This research made use of probability sampling. A stratified sampling plan method was used for validity and reliability reasons using the database from the ministry of small and medium enterprise. With stratified sampling, the population is divided into mutually exclusive groups (industry sectors) and random samples are drawn from each group (Hair *et al.* 2010:22). This procedure places the SMEs into specific industry sectors and random samples were drawn from each group.

### **1.6.4 Target population**

The target population in this study is employees in non-managerial positions in small and medium enterprises in major cities in Zimbabwe. Major cities in Zimbabwe are those cities where administrative work is done and have a population of one million and more, such as Chitungwiza, Bulawayo, Bindura, Chinhoyi and Harare. Non-managerial employees provided the information that was needed in this study because they are the least paid and have many grievances; compared to those who are in managerial positions who tend to be secretive, happy and are highly remunerated (Gono 2009:11).

### **1.6.5 Research context**

The empirical contexts for this proposed study are the service and manufacturing industries of the SME sector in Zimbabwe. Several factors were considered and prompted the choice of both the service and manufacturing industries of the SME sector as the research context. These two SME sectors are recognised by the government of Zimbabwe as the engines for economic

growth and development and, therefore, are important enough to warrant academic and empirical investigation (Chinomona & Pretorius 2011:180).

### **1.6.6        Sample size**

There are about one thousand SMEs in Zimbabwe according to the database of the ministry of SMEs (Ministry of Small and Medium-Sized Enterprise Development in Zimbabwe 2002:7). A comparison of past research studies was used to determine the size of the sample. Sample size determination was based on studies done by Almar (2005:12), Biggs, and Shah (2006:3050) in developing countries. A sample size of 550 was deemed to provide an adequate representation of SMEs in major cities only in Zimbabwe.

### **1.6.7        Method of data collection**

Five hundred and fifty (550) questionnaires were distributed to respective SMEs after making appointments with SME owners or managers. Structural equation modeling (SME) requires a large data set to obtain meaningful results (Hair *et al.* 2010:50). Five hundred and fifty self-administered structured questionnaires were used.

### **1.6.8        Measuring instrument**

The questionnaire was designed in such a way that it suits the Zimbabwean context based on previous work and the objectives of this proposed study. The questionnaire was divided into 5 sections. The questionnaire items were measured on a seven-point Likert-type scale that was anchored by 1 denoting strongly disagree to 7 denoting strongly agree to show the degree of agreement or disagreement to statements. A seven point Likert scale was used because previous researchers used the same scale (Jung & Yoon 2012:377). The scale was based upon the assumption that each statement/item on the scale has equal attitudinal value, importance or weight in terms of reflecting attitudes towards the questions (Kumar 2005:145). The questionnaire items represented the four constructs, namely organisational citizenship behaviour, employee perception of equity, employee commitment and employee intention to stay. The study incorporated questions on employee profiles such as gender, age and marital status of respondents (Rosen *et al.* 2009:206; Chinomona *et al.* 2010:54; Jung & Yoon 2012:377).

## **1.7 STATISTICAL ANALYSIS**

To gain an understanding of the characteristics of each variable, descriptive statistical analysis was used, which are illustrated by the mean and standard deviation of each factor. T-test value (t-statistic) and analysis of variance (ANOVA) was used to ascertain the degree of differences in means between groups. In addition, a confirmatory factor analysis (CFA) was done leading to a structural equation model (SEM).

### **1.7.1 Reliability and validity of measurement scales**

In order to purify the measurement scales and to identify their unidimensionality, principal component factor analysis (PCA) with varimax rotation was applied. In particular, the factor loadings, the Cronbach's alpha values and composite reliability (CR) values were determined using Statistical Package for Social Sciences (SPSS) 21.0 software in order to check measurement items reliability. Convergent and discriminant validity of the research constructs was determined by checking the inter-correlation between the research constructs and by determining the average variance extracted (AVE).

### **1.7.2 Confirmatory factor analysis**

CFA involved using the AMOS 21.0 software package, which is used to divide a large number of variables into a smaller number of factors within which all variables are related to each other. A confirmatory factor analysis was undertaken to establish the model fit, that is, to check if the sample data fit to the conceptualised research model. After assessing, the model fit using CFA this study proceeded to perform SEM again using AMOS 21.0 software package in order to test the structural paths of the conceptualised research model. Model fit indicators such as chi-square/degrees of freedom; goodness of fit index (GFI), augmented goodness of fit index (AGFI), normed fit index (NFI), incremental fit index (IFI), Tucker-Lewis index (TLI), composite fit index (CFI) and RMSEA were used to assess the model fit.

### **1.7.3 Structural equation modeling (SEM)**

SEM technique demonstrates and tests the theoretical underpinnings of a proposed study and the significance of the relationships between model constructs (Hair *et al.* 2010:35; Brynard & Hanekom 2008:44). In this study, several constructs are to be identified as having an effect on employee intention to stay, by assessing each relationship simultaneously rather than separately

by incorporating all the multi scale items to account for measurement errors with each scale (Hair *et al.* 2010:36).

## **1.8 ETHICAL ISSUES**

Being ethical means adhering to the code of conduct that has evolved over the years for an acceptable professional practice. For most professions ethical codes in research are an integral part of their overall ethics, though some research bodies have evolved their own codes (Kumar 2005:216). In research ethical issues can be examined as they relate to participants, researchers and sponsoring organisations. According to Kumar (2005:216) the participants, the researcher and the sponsoring organisations all have ethical issues, which should be considered when formulating a research document. The researcher obtained a letter, indicating that permission has been obtained to conduct a study on the mentioned SME. Respondents were not forced to answer the questionnaire and an explanation was provided to respondents about the purpose of the survey. In this study confidentiality of respondent's identity, plagiarism and honesty in reporting the results were adhered to.

## **1.9 RESEARCH STRUCTURE / OUTLINE OF THESIS**

This thesis is comprised of eight chapters with the contents as mentioned below.

### **Chapter 1: Introduction and background to the study**

This chapter encompassed the introduction and theoretical underpinning of the study on organisation citizenship behaviour, employee perception of equity, employee commitment and intention to stay in organisations. A brief outline of the research, the research problem and proposed module outline, research objectives, the design process, data analysis and ethical considerations was highlighted.

### **Chapter 2: An overview of SMEs in Zimbabwe**

Chapter 2 defines SMEs both from an international perspective and a Zimbabwean perspective. It also describes and explains the importance of SMEs and the challenges and problems they are facing.

### **Chapter 3: Literature review on employee equity and organisational citizenship behaviour**

Chapter 3 describes and reviews the previous literatures related employees' perception of equity (EPE) and organisational citizenship behavior (OCB).

### **Chapter 4: Literature review on commitment and employee intention to stay**

This chapter reviews literature on employees' perceptions of organisational commitment (OC) and employee intention to stay (ITS).

### **Chapter 5: Research methodology**

Chapter 5 discusses the research design and method of research used in the study. Issues such as the sampling technique, method of data collection and statistical techniques also received attention.

### **Chapter 6: Data analysis and interpretation of results**

This chapter describes or provide an explanation of statistical analysis of the data and the discussion of the results.

### **Chapter 7: Conclusion and Recommendations**

This chapter presents the conclusion drawn from the findings of the study based on the objectives of the study. Recommendations, limitations and implications for further study are also discussed.

## **1.10 DEFINITION OF KEY TERMS**

**SMEs:** Various countries, regional economic groupings and multilateral institutions use different methods to define SMEs. Generally, the criteria such as amount of employees, total net assets, sales, investment levels and maximum loan size are used to define SMEs. Small Enterprise Development Corporation (SEDCO) of Zimbabwe (SEDCO 2004:11) defined an SME as an enterprise employing not more than 75 people with a fixed asset base not exceeding Z\$500 000. Chipika and Wilson (2006:973) defined SMEs in Zimbabwe as enterprises that employ 5-100 workers. This definition is widely accepted nationally in Zimbabwe and elsewhere in Southern Africa (Chipika & Wilson 2006:973). For the purposes of this study, an

SME refers to a registered company with a maximum of 100 employees and an annual turnover in sales of a maximum of 830 000 US dollars (Machipisa 1998:2; Nyoni 2002:15; Chinomona *et al.* 2010:184; Chinomona & Pretorius 2011:170).

**Organisational citizenship behaviour:** SME employees' citizenship behaviour refers to that behavioural motivation that goes beyond the normal call of duty through cooperation among colleagues, volunteering for extra work, respecting the spirit as well as the rules and regulations, self-improvement, and creating a positive organisational image (Cho & Johanson 2008:308).

**Employee perception of equity:** Employee perception of equity is more closely related to equity theory (Almar 2005:20). Equity theory (contribution rule) suggests that perceptions of fairness are a job-related motivational base that can influence the behavioural and affective responses of employees (Almar 2005:14). According to the equity theory, employees exchange relationships with the organisations they are affiliated to in terms of a ratio between effort spent and rewards received at work.

**Organisational commitment:** There are many definitions of organisational commitment. Well known definition of organisational commitment is that committed individuals have faith in and accept organisational goals and values, and individuals are willing to remain with their organisations and are willing to provide substantial effort on their behalf (Cater & Zabka 2009:711; Mowaday *et al.* 1979:227).

**Employee intention to stay:** The current study defines employee intention to stay as the employee's willingness to remain in an organisation. It shows the employee's level of commitment to his or her organisation and the willingness to remain employed (Egan, Yang & Barlett 2004:90; Mustapha *et al.* 2010:61; Ucho *et al.* 2012:378).

**Confirmatory factor analysis (CFA):** It is a statistical methodology that can be used in the summarisation or in the reduction of data, and places the items into smaller numbers of factors within which all variables are related to each other. In this case, the researcher will assign the number of factors that exist within a set of variables beforehand and determine which will load high or not (Hair, Babin & Tatham 2010:12). CFA is used appropriately when the researcher has some knowledge of some underlying latent variable structure. Based on the knowledge of the theory, empirical research or both, he or she postulates relationships between the observed measures and underlying factors *a priori* and the hypothesised structure statistically (Byrne

2001:6). In addition, CFA is done to establish the model fit, that is, if the data fits to the conceptualised research model.

**Structural equation modeling (SEM)** is a statistical methodology that takes a confirmatory approach to analysis of structural theory bearing on some phenomena (Bryne 2001:8; Nusair & Hua 2010:315; Hair *et al.* 2010:18). It uses various types of models to predict relationships among observed variables, with the basic goal of providing a quantitative test of a theoretical model hypothesised by the researcher. According to Schumacker and Lomax (2004:2) and Blunch (2008:18), the goal of SEM analysis is to determine the extent to which the theoretical model is supported by sample data. If the sample data supports the theoretical model then theoretical models that are more complex can be hypothesised. If the sample data does not back up the theoretical model then either the original model needs to be modified and re-tested or other theoretical models need to be developed and tested.

**Average variance extracted (AVE):** The average variance extracted (AVE) estimate reflects the overall amount of variance in the indicators accounted for by the latent construct. Higher values for the variance extracted estimate (greater than 0.50) reveal the indicators well represent the latent construct (Hair *et al.* 2010:55) The formula below is used to calculate AVE:

$$V\eta = \sum \lambda y_i^2 / (\sum \lambda y_i^2 + \sum \varepsilon_i)$$

**AVE** = { (summation of the squared of factor loadings) / { (summation of the squared of factor loadings) + (summation of error variances) } }. Altogether, the construct reliabilities and the average variance extracted estimates suggest the scales are internally consistent.

**Composite reliability (CR):** A method commonly used to check internal consistency of the measurement model is the composite reliability (CR) index. It is calculated using the following formula:

$$(CR): CR\eta = (\sum \lambda y_i)^2 / [(\sum \lambda y_i)^2 + (\sum \varepsilon_i)]$$

**CR** = (square of the summation of the factor loadings) / { (square of the summation of the factor loadings) + (summation of error variances) }. The resultant coefficient is similar to that of Cronbach's  $\alpha$ . The threshold for CR index is 0.5 for basic research and 0.6 for exploratory research as suggested by Blunch (2008:25).

**Chi-square ( $\chi^2$ ):** A non-statistically significant chi-square value ( $p > 0.05$ ) indicates that the sample covariance matrix and reproduced model-implied covariance matrix are similar. The chi-square value of zero indicates a perfect fit or no difference between the values in some covariance matrix and the reproduced implied covariance matrix. The goal in SEM is to achieve a non-statistical significance, which indicates little difference between the sample variance-covariance matrix and the reproduced implied covariance matrix (Schumacker & Lomax 2004:83). The difference between these two covariance matrices is contained in a residual matrix. When the chi-square value is non-significant (close to zero), residual values in the residual matrix are close to zero, indicating that theoretically specified model fits the sample data (McQuitty 2004:175).

**Goodness-of-fit index (GFI):** GFI varies from zero to one, but theoretically can yield meaningless negative values. Though analogous to R square, GFI cannot be interpreted as percentage of error explained by the model (Blunch 2008:114). Rather, it is the percentage of observed covariances explained by the model. That is, R square in multiple regression deals with error variance whereas GFI deals with error in reproducing the variance-covariance matrix. By convention, GFI should be equal to or greater than 0.90 to accept the model (Nusair & Hua 2010:314) but other scholars are of the view that GFI greater than 0.6 is fairly acceptable (Hair, Bush & Ortinau 2000:34).

**Root mean square residual (RMR):** RMR represents the average residual value derived from fitting of the variance-covariance matrix for hypothesised model to the variance-covariance matrix of the sample data (Fraering & Minor 2006:285; Inan & Lowther 2010:137). However, because these residuals are relative to the sizes of the observed variance and covariances, they are difficult to interpret. Thus, they are interpreted best in the metric of correlation matrix. The result from the matrix represents the average value across all standardised residuals and range from zero to one. The closer the RMR is to zero for the model being tested, the better the model fit (Husman, Berryberry, Crowson & Lomax 2004:63; Byrne 2001: 82).

**The norm fit index (NFI):** NFI was developed as an alternative to CFI, and does not require making chi-square assumptions. It varies from zero to one, with one equal to perfect fit. NFI reflects the proportion by which the researcher's model improves fit compared to the null model (random variables). For example,  $NFI=0.60$  means the researcher's model improves fit by 60 compared to the null model. By convention, NFI values below 0.90 indicate a need to re-specify the model (Wolfle 2003:5; Weston & Gore 2006: 720).

**The comparative fit index (CFI):** CFI is known as the Bentler Comparative Fit Index, which compares the existing model fit with a null model that assumes the latent variables in the model are uncorrelated (Byrne 2001:200; Tomarken & Waller 2005:33; Blunch 2008:115). That is, it compares the covariance matrix predicted by the model to the observed covariance matrix and compares the null model with the observed covariance matrix, to gauge the percentage of lack of fit, which is accounted for by going from the null model to the researcher's SEM model (Schreiber, Nora, Stage, Barlow & King 2006:234; Hair *et al.* 2010:33). CFI varies from zero to one. A CFI close to one indicates a very good fit. By convention, CFI should be equal to or greater than 0.90 to accept the model, indicating that the given model can reproduce 90 percent of the co-variation in the data (Blunch 2008:115).

**The incremental fit index (IFI):** The IFI was developed by Bollen (1989:35) to address the issue of parsimony and sample size, which were known to be associated with the NFI. As such, its computation is the same as the NFI, except that degrees of freedom are taken into account. By convention, IFI should be equal to or greater than 0.90 to accept the model. IFI can also be greater than one under certain circumstances (Inan & Lowther 2010:137).

**Root mean square error of approximation (RMSEA):** The RMSEA takes into account the inaccuracy of approximation in the population. This value answers the question how well the model, with unknown but optimally chosen parameter values, would fit the population covariance matrix if it were available (McQuitty 2004:176). This inconsistency, as measured by RMSEA, is conveyed in per degree of freedom, thus making the index sensitive to the number of estimated parameters in the model. Therefore, by convention, Nusair and Hua (2010:316) shows that there is a good model fit if RMSEA is less than or equal to 0.05 and an adequate fit if RMSEA is less than or equal to 0.08.

## 1.11 SYNOPSIS

This chapter introduced the problem statement of the study. The research objectives, scope, model and hypotheses to be tested were discussed. The outline of the study was also clearly articulated. The four constructs, which are organisational citizenship behaviour, employee perception of equity, organisational commitment and employee intention to stay, were defined clearly and their value to the study was discussed. The statistical analysis methods, which include T-statistics, Anova, CFA and SEM were introduced briefly. The definition of key terms was done in this chapter also. The next chapter focuses on a review of the literature on SMEs.

Organisational citizenship behaviours are crucial and critical for the sustainability of SMEs. Even employee perception of equity is equally important because it leads to job satisfaction and organisational commitment and ultimately employee intention to stay on the job.

## **CHAPTER 2**

### **AN OVERVIEW OF SMALL AND MEDIUM ENTERPRISES IN ZIMBABWE**

#### **2.1 INTRODUCTION**

Chapter 1 provided a background to the study, the problem statement, research objectives and sample design procedure for clarity, planning and providing a logical structure of the research. In this chapter, a literature review on SMEs is undertaken to provide a theoretical perspective into the research problem and the knowledge base of SMEs in Zimbabwe.

This chapter provides an outline of SMEs in Zimbabwe, definitions of SMEs, generic elements of SMEs and the nature of SMEs. The contribution and importance of SMEs in Zimbabwe, support by the Government of Zimbabwe to SMEs, Government policy on SMEs, entrepreneurial management and skills development, relationships and partnerships are discussed also. The non-governmental organisations support to SMEs, challenges and problems facing the SME sector in Zimbabwe are described briefly.

#### **2.2 OVERVIEW OF SMES IN ZIMBABWE**

In Zimbabwe, there is a realisation that SMEs are innovative, flexible and require low startup capital (Ndlovu 2002:22; Chipika & Wilson 2006:969; Gono 2009:8; Chinomona 2012:10003). At hand, there is an amplified interest in pursuing SMEs as a poverty reduction tactic and as a roadmap to higher living standards (Chinomona 2012:10007). SMEs account for the employment of at least 70 percent of the productive population and control about sixty five percent of the total corporate purchasing power in Zimbabwe (Chipika & Wilson 2006:970). SMEs in Zimbabwe are divided into service and manufacturing sector. SME manufacturers encompass almost every facet of the local economy, such as food processing, toiletry production, the garment, leather and rubber industry, metal fabrication, furniture manufacturing, construction and art (Gono 2006:9). The current unemployment rate in the country is approximately 80 percent (Robertson 2007:2). This figure is fast increasing due to the shrinkage in the formal sector, subsequent retrenchments and unemployed graduates from tertiary institutions (Ndlovu & Ngwenya 2003:6).

Robertson (2007:2) states that with dwindling productivity, of the two million young people and graduates who turned 18 years of age, only 2000 found jobs with a regular income, training, advancement or career prospects. Up until early 2009, the economy of Zimbabwe was in a downward spiral for close to a decade and most large sized manufacturing firms either closed down or downsized operations (Chinomona, Lin, Wang & Chen 2010:184). The SME sector has absorbed skilled manpower from these large firms as they launched their own small businesses (Smith-Hunter & Mboko 2009:24).

## **2.3 DEFINITIONS OF SMALL AND MEDIUM ENTERPRISES**

The word SMEs covers a wide range of definitions and measures, differing from country to country, region to region and between the sources reporting SME statistics. Some of the commonly used criterions are the number of employees, total net assets, sales and investment level (Chinomona *et al.* 2010:184; Chang, Chang, Ho, Yen & Chiang 2011:2129; Chinomona & Pretorius 2011:172). Nevertheless, the most common definitional basis used is employment, but there is a disparity in defining the upper and lower size limit of an SME (Ayyagari, Beck & Demirguc-Kunt 2003:4).

In this section, SMEs will be defined from both an international and a Zimbabwean perspective. These definitions are aimed at highlighting the similarities and differences of definitions in different countries. There are differences that exist in these definitions due to differences in the economic systems of countries and some of the variables used in the description of SMEs. There are also similarities in the definitions of SMEs, which is mainly due to the importance of the SME sector worldwide.

### **2.3.1 International definitions of SMEs**

Ayyagari, Beck and Demirguc-Kunt (2003:4-5) described SMEs as formal enterprises that have a maximum of 250 employees. Cronje, Du Toit and Motlatla (2005:49) define an SME in South Africa as any business with fewer than 200 employees, an annual turnover of less than R5 million, capital assets of less than R2 million and the owners are directly involved in the management of the business. In Taiwan, SMEs are regarded as enterprises with paid-up capital of less than NT\$80 million or with the number of regular employees fewer than 200 and one year's turnover of less than NT\$100 million (Chang *et al.* 2011:2129). However, Quartey (2001:5) asserts that in developing countries a small firm employs between five and nine

employees, whilst a medium firm employs between 20 and 90 employees. According to the United States of America Small Business Administration (2004:9), an SME is an entity that is independently owned and operated and is not dominant in its field of operation. Yet according to European Union (2004:1) definition, an SME is a minor company that employs less than 50 workers and a medium firm has less than 250 workers.

SMEs are regarded traditionally as small family-run businesses with less than 30 employees (Parhizkar, Miller & Smith 2010:394). Klaas, Klimchak, Semadeni and Holmes (2010:350) defined SMEs as firms that may have up to 500 employees. It includes firms where the entire workforce falls within the leader's span of control. Beck and Dermirguc (2006:2935) describe SMEs as enterprises with up to 250 employees and constitutes over 60 percent of the total employment in manufacturing in many countries. On the other hand, SMEs are firms with up to 50 workers (Nichter & Goldmark, 2009:1453). Overall, it appears that the international definitions seem to regard an SME as an enterprise with a maximum of 500 employees.

### **2.3.2        Zimbabwean definitions of SMEs**

The Government of Zimbabwe (2000:3) defines a small enterprise as one that employs not more than 50 people and with assets of less than Z\$3.0 million, and acting as a registered entity. Medium enterprises employ between 75 and 100 people and has a capital base of between Z\$7 million to Z\$12 million. The Ministry of Small and Medium-Sized Enterprise Development in Zimbabwe (2002:1) defined SMEs as a registered enterprise with employment levels ranging from 30 to 70 employees and depending on the type of industry will be referred to as a small or medium scale enterprise. Small Enterprise Development Corporation (SEDCO) of Zimbabwe (2004:11) defined an SME as an enterprise employing not more than 75 people with a fixed asset base not exceeding Z\$500 000. Chipika and Wilson (2006:973) defined SMEs in Zimbabwe as enterprises that employ 5-100 workers. This definition is widely accepted nationally in Zimbabwe and elsewhere in Southern Africa (Chipika & Wilson 2006:973). In this study, a small and medium enterprise refers to a registered company with a maximum of 100 employees and an annual turnover in sales of a maximum of 830 000 US dollars (Machipisa 1998:2; Nyoni 2002:15; Chinomona *et al.* 2010:184; Chinonoma & Pretorius 2011:170).

## **2.4**

## **GENERIC ELEMENTS OF SMES**

A cursory survey of literature on SMEs seem to show that the definition of SMEs in Zimbabwe has much in common with those in other countries (Chinomona *et al.* 2010:184). Particularly, common generic elements among these characteristic are the number of employees, capital base, assets and that the enterprise must be registered. A discussion of the generic or common elements of the definitions of SMEs follows.

### **2.4.1        Number of employees**

Given that it is relatively less expensive to retain employees than constantly hire new ones (Curriwan 1999:495; Witt, Kacmar, Carlson & Zivnuska 2002:912; Kahya 2007:516; Chinomona 2012 (a):10003; Chinomona 2012 (b):10126), employees are regarded as the most important asset of a business organisation. Because of the necessity to reduce employee turnover intentions by human resource (HR) practitioners, strategies that foster turnover reduction have been treated with expedience and as a matter of priority. It is a common thing that the prosperity and performance of a business is measured by the number of employees the company has (Curriwan 1999:496). The more employees the bigger and the prosperity of the business and vice versa. An evaluation of both the Zimbabwean and the international definitions of SMEs ultimately display that there is a consensus on what constitutes an SME in terms of the number of employees. Small enterprises have between one and 50 employees and this largely depends on the industry with the manufacturing sector employing the largest number of employees in both small and medium enterprises. Zindiye (2008:55) argues that the lowest or minimum number of employees is 50 and the maximum is approximately 500 for medium enterprises depending on the industry or sector.

### **2.4.2        Capital base**

Capital is the most important thing in SMEs and without a capital base, a business will not take place. Chang *et al.* (2011:2130) commented that an identified business opportunity requires resources and capital. This is one of the essential resources for exploiting an opportunity. The capital needs of businesses differ according to the type of industry or sector. As per the definition, there is no holistic or fixed amount of capital across borders, which may be attributed mainly to the different currencies in use and the different levels in terms of economic development. The crucial thing is that sufficient capital must be made available, so that the

SMEs will be effective as they will be able to grow and develop in this highly competitive environment (Cronje *et al.* 2005:495; Chipika & Wilson 2006:973; Chang *et al.* 2011:2129; Chinomona 2012 (b):10130).

#### **2.4.3 Assets**

Assets are divided into two main types namely non-current and current assets (Venter & Jansen Van Rensburg 2009:230). Current assets include cash, bank (cash or money in a business bank account), debtors and inventory. Non-current assets encompass goodwill, land, buildings, equipment, machinery and motor vehicles. The assets being referred to in the definitions are non-current, which are mandatory in the production process. Current assets are required for meeting day-to-day business operational expenses. Pretorius (2008:408) and Chinomona and Pretorius (2011:171) are of the view that a business must have adequate assets for production to take place. Pretorius (2008:409), Gono (2009:28), Chinomona and Pretorius (2011:170) pinpointed that, the asset base varies across borders, but it is vital that a firm should have a adequate asset base for production purposes and also for everyday operations to take place.

#### **2.4.4 Registered**

There seems to be a consensus in both the Zimbabwean and the international definitions of SMEs that an SME must be registered and be formal but in every economy, there are both formal and informal business organisations (Klaas *et al.* 2010:350). The formal businesses are registered and they pay tax whilst the informal businesses are not registered and they usually do not pay taxes to the government. Most governments, in calculating their gross domestic product (GDP) and gross national product (GNP), pay attention to registered and formal business organisations. This is important as it allows governments to evaluate the contributions of SMEs to the economy if they are appropriately registered and formalised (Beck & Dermirguc 2006:2935; Chinomona *et al.* 2010:110; Klaas *et al.* 2010: 350; Parhizkar *et al.* 2010:394).

### **2.5 THE NATURE OF SMES**

Rezaei *et al.* (2012:600) showed that the term nature refers to the vital characteristics and abilities of a person or thing. In this instance, the important characteristics of SMEs are outlined. However, some important characteristics of SMEs can be distinguished. In developing countries, with a shortage of capital and growing labour surpluses, the following characteristics of SMEs are observed (Cronje *et al.* 2005:492):

- On average, SMEs yield more direct and possibly also more indirect employment prospects per unit of invested capital, therefore, SMEs generally are more labour intensive than larger businesses.
- Pretorius and Van Vuuren (2003:515) argued that in service industries, the capital invested per employment opportunity is even less and it is important to note that SMEs are an instrument for utilising the talents, energy and entrepreneurship of individuals who cannot reach their full potential in large organisations.
- Smaller businesses often flourish by providing services to a small or constrained market, which larger businesses do not find attractive. Pretorius and Van Vuuren (2003:515) noted that SMEs are a breeding ground for entrepreneurial talent and a testing ground for new industries.
- SMEs play a crucial role in the competitiveness of the economy and SMEs create social stability since they cause less damage to the physical environment than larger factories, stimulate personal savings, increase prosperity in rural areas and enhance the population's general level of economic participation (Mambula 2002:64; Durmusoglu, Apfelthaler, Nayir, Alvarez & Mughan 2012:600; Garay & Font 2012:331). SMEs also offer more opportunities for personal initiative, innovation and the development of new products, services and techniques. SMEs serve as a cornerstone of free markets because of the competition that small enterprises engender. Small businesses also play an important role in the social life of the free-market system as they bring competition into the business environment (Thomas, Shaw & Page 2011:963; Li *et al.* 2012:942). This competition eradicates monopolies and encourages free trade, which results in quality products and quality services being offered to customers (Longenecker *et al.* 2006:14). The small business is often a partner to big business and provides products and services that normally cannot be provided by the latter. This they do through special niche markets and the niche might consist of a uniquely specialised service or product or it may be a focus on serving a particular geographical area. Venter and Van Rensburg (2009:145) showed that by finding a special niche, a small business might avoid intense competition from big businesses.
- Longenecker *et al.* (2006:15) noted that a small business gives an entrepreneur a chance to enter the business world and sometimes a small business is the only provider of necessary products and services in thinly populated and small markets. SMEs are essential worldwide and their contributions are being recognised worldwide.

- Goldman (2009:1454) noted that SMEs spearhead technological innovation, play a role in the production of new products and the establishment of new businesses and support large businesses as suppliers and subcontractors. The World Bank estimates that one of the strongest factors in the development of any nation's GNP is the presence of SMEs (Hwengwere 2004:12; Nitcher & Goldman 2009:1454). Today, widespread efforts are being made in almost all nations to encourage the development of SMEs. Government efforts range from small contributions of capital or time to large multi-dimensional programs that cross multiple national boundaries (Beck & Dermirguc 2006:2932; Parhizkar *et al.* 2010:394). Cronje *et al.* (2005:498) noted that, for these reasons, small businesses deserve much more attention, especially with regard to management education and training and it is against this background that the role of SMEs in the Zimbabwean economy is discussed and analysed.

## **2.6 THE CONTRIBUTION AND IMPORTANCE OF SMES IN ZIMBABWE**

The importance of the small business sector is also recognised internationally in terms of its contribution to employment creation, GDP and innovation. Furthermore, Klaas *et al.* (2010:353), Chang *et al.* (2011:2129) and Durmusoglu *et al.* (2012:600) commented that there has been growing alertness by governments in the developing world of the role played by SMEs and their contribution to the economy. In Zimbabwe, the development of the small business sector is regarded as crucial for the achievement of broader development goals (Chipika & Wilson 2006:970; Gono 2009:19; Chinomona & Pretorius 2011:170; Chinomona 2012 (a):10007). These goals include poverty alleviation, spreading employment to rural areas, improving the situation of women and increasing indigenous ownership of investment in the economy (Nyoni 2002:1; Nichter & Goldmark 2009:1455). A discussion of the influence and importance of the SME sector to the Zimbabwean economy follows.

### **2.6.1 Employment opportunities**

Rwafa (2006:8) suggested that since the opportunities for formal employment are dwindling globally, there is a need to turn the focus to the SME sector as the potential weapon for reducing unemployment. Kapoor, Mugwara and Chidavaenzi (1997:8-9) noted that the experience in Zimbabwe, as is the case in the rest of the world, has shown that SMEs are more flexible and responsive to changes in the market and, therefore, have potential to generate significant levels

of employment for skilled and semi-skilled labour. As conventional sources of employment are dwindling, formal employment opportunities are becoming increasingly limited in Zimbabwe. Zimbabwe gets about 300 000 graduates from Universities and experience in the economy has been that investment levels are not sufficient to generate employment for the 300 000 graduates in Zimbabwe per year (Nyoni 2002:2; Rwafa 2006:8). Therefore, Zimbabwe must respond to the needs of SMEs as they form a crucial element of the economy (Schlogl 2004:46).

Zindiye (2008:200) noted that SMEs “as the primary employment-creating sector of the Zimbabwean economy, small businesses are responsible for the livelihood of millions of Zimbabweans as they hire the largest number of people, which results in them having a disposable income”. Ndlovu and Ngwenya (2003:6) identified that the lack of employment opportunities in Zimbabwe turns the focus on the SME sector as the potential for investment and for making a significant and considerable contribution to employment generation. The readiness of disposable income, therefore, will enable people to purchase goods and services that they need for their day-to-day survival in Zimbabwe.

## **2.6.2 Contribution of the SME sector to the economy**

Ngwenya (2006:14) argues that the potential benefits of SME developments are mobilising and stimulating the vast potential for entrepreneurship, expediting a wide economic base and the creation of wealth. Also increasing the nation’s wealth through fuller utilisation of all the country’s human resource capabilities, developing an economic structure that is self-sustaining with a high degree of sectoral linkages and increasing indigenous ownership of investment in the economy. Ndlovu (2004:8), Ngwenya (2006: 15) and Chinomona *et al.* (2010:184) commented that in the Zimbabwean context, there is increasing awareness within all sectors that large projects are less likely to generate the requisite economic growth.

Gono (2009:60) describes the effect of the macro-economic meltdown of the past five years, during which Zimbabwe experienced a fifty percent decline in economic development, sixty percent shutting down in factories, sixty percent formal unemployment rate and a near 100 percent decline in foreign currency reserves. Unavoidably, this has led to an increase in informal trading, with empty spaces in urban areas transformed to flea markets, fruit and vegetables vendors and carpentry or iron craft workshops. Ndlovu (2004:8) shows that Zimbabwean craftware has progressed a lot finding its way to top galleries, all through the nifty creativity of SMEs.

Due to SMEs diversity in nature, character and business exploits, SMEs have become a vehicle for economic liberation and viable growth (Mambula 2002:61). Mambula (2002:60) identified that economic development is obtained through the creation of successful entrepreneurial activities and these activitiae create positive benefits for the people in the environment in which they operate. They also noted that the SME sector in Zimbabwe is also a major role player in national growth, elevating people's living standards, as well as the elevation of urban economies. Looking for greener pastures has caused so many people migrating to urban areas. Simbi (2004:16) noted that local authorities, therefore, have taken a strong position in implementing government policy to encourage SME growth, which will in the long run result in economic development. To speed up development and decrease poverty, the World Bank group offers directed help to SMEs in developing economies. For example, the World Bank group sanctioned more than \$10 billion in SME funding programmes over the last decade, including \$1,5 billion in 2002 in Zimbabwe and Zambia (Beck, Demirguc-Kunt & Levine 2003:2). According to Beck *et al.* (2003:4) the pro-SME policy of the World Bank is based on three central opinions. First and foremost, SME supporters argue that SMEs boost competition and free enterprise and hence have exterior benefits on the economy as a whole. These benefits include efficacy, invention, and comprehensive throughput development.

From this perception, direct government funding of SMEs will help countries exploit the social benefits from greater competition and entrepreneurship. In addition, advocates of SME backing often claim that SMEs are usually more fruitful due to their capacity to specialise in special-niche areas compared to huge companies, but financial markets and other organisational letdowns hinder SME growth (Beck & Dermiguc 2006:2931; Razaei *et al.* 2012:601). Thus, incomplete financial and organisational developments, direct government financial funding to SMEs can improve economic advancement and growth (Razaei *et al.* 2012:601). Lastly, the promoters of SME growth also argue that SME enlargement boosts employment more than large company development because SMEs are more labour demanding. From this standpoint, subsidising SMEs may signify a poverty-easing tool (Beck *et al.* 2003:2).

It is a well known fact that the result of innovation and creativity is economic growth. Venter and Van Rensburg (2009:144) argued that new goods and services in the market or in the form of innovative and upgraded production methods result in the efficacy utilisation of prospects and assets. A strong SME sector, therefore, will result in poverty alleviation and better standards of living. A country will also be able to be at a competitive adavantage worldwide if

it has a effervescent SME sector as it is in a situation to offer unique, standardised and quality products, which conform with international standards (Gono 2006:1-2; Gono 2009:19).

The impact of SMEs on the economy of a country is, therefore, crucial. Chinomona (2012:10134) postulated that SMEs, in addition to their key role as providers of employment, initiate technological advancement, play a tactical role in the creation of new products and the creation of new businesses and backing large businesses as suppliers and subcontractors. Because of these reasons, small businesses warrant much more consideration, particularly with respect to management education (Cronje *et al.* 2001:498).

The prospective of SMEs to offer employment in Zimbabwe could be doubled in the next 10 years though this is open to criticism, considering the deteriorating economic conditions in Zimbabwe (Gono:2009:11). To this end, a precise tactic to hearten the existence, progress and expansion of SMEs needs to be developed by the Zimbabwean government. This tactic will enable SMEs to achieve their objectives, which include employment generation, improving standards of living and poverty eradication. According to Gono (2006:1-2), “the Zimbabwean government should include the following in their strategy: the creation of an environment conducive to entrepreneurship and the development of SMEs; mobilisation of financial resources to promote SMEs through financial aid programmes; provision of low-cost, affordable premises that may be leased or bought by SMEs in areas where there are none; the upgrading of SME management skills and knowledge (training) and the establishment of appropriate professional support programmes”.

Chipika and Wilson (2006:969), Gono (2009:22) and Chinomona and Pretorius (2011:181) suggested that SMEs have become increasingly important to Zimbabwe’s economic growth. Given the number of retrenchments due to the economic downturn Zimbabwe has experienced since 2000, SMEs offer the best alternative means of livelihood for the majority of the people in the country. As a result, there is a definite need to support the growth of the SME sector in Zimbabwe so that it contributes more meaningfully to national economic development. Against this background, support services for the establishment of SMEs offered by the Zimbabwean government are discussed.

## 2.7

## GOVERNMENT OF ZIMBABWE SUPPORT AND INCENTIVES TO SMES

The Small Enterprise Development Corporation (SEDCO) of Zimbabwe (2004:3) noted that the Zimbabwean government, through the ministry of industry and international trade and in union with the ministry of youth development, gender and employment creation established a policy document for the backing of small, micro and medium enterprises (SMMEs), which was approved by cabinet in July 2002. The document maps out plans to address various stumbling blocks facing the small business operator. This policy document is aimed at enhancing a united vision by all stakeholders in progressing the cause of small business and providing a conducive atmosphere for them to recognise their full potential. Gono (2007:7) and Hwamiridza (2007:8) argued that in a bid to reinforce the SME sector, Zimbabwean government has established an SME bourse to support their activities so that SMEs will be listed on the Zimbabwe Stock Exchange (ZSE). An SME bourse is a secondary stock exchange, which aim at supporting the SMEs financial situation as well as cultivating SME development.

Despite the significance of the SME sector, numerous obstacles to entry have been singled out. These obstacles range from a hostile regulatory atmosphere, limited access to finance, insufficient management and entrepreneurial skills (Chinomona *et al.* 2010:184). It is a well known thing that although several initiatives have been put in place to fund the SME sector, there is a need for an united logical policy and strategy for the growth of the SME sector in Zimbabwe (Nyoni 2002:1; Chinomona & Pretorius 2011:181).

The Ministry of Small and Medium Enterprises Development in Zimbabwe (2002:8) and Nyoni (2002:3) agreed that the main goal of the SME policy is to breed viable employment, decrease poverty, encourage economic progress and produce foreign currency earnings, thus contributing to the economic well being of all Zimbabweans. In addition, it also targets to build a supporting environment in order to double the number of small business entities in Zimbabwe by the year 2007. Furthermore the policy, also endeavors to define how the government of Zimbabwe, the private sector and other stakeholders can hearten and build an enabling environment for SMEs to grow and to enrich the contribution of this sector to national growth (Ndlovu 2002:18). The central points of the Zimbabwean government's SME policy can be highlighted as follows (Nyoni 2002:2):

- To safeguard the co-ordination of the diverse policies and programmes at national level

- To set the main concern and the proper provision of inadequate public resources
- To rationalise aid programmes
- To co-ordinate resource mobilisation plans and delegate tasks, duties and accountability
- To offer a proper institutional mechanism to facilitate SME growth efforts
- To oblige SME development over the long term rather than reliance on any quick-fix solutions

The vital strategies, which deal with the above-mentioned areas of concern, which affect the growth and development of SMEs in Zimbabwe, include monetary help, market campaign, technology and infrastructure provision, entrepreneurship, the formation of an enabling legal and regulatory environment, investment promotion, management and skills development, targeted support, relationships and partnerships, and institutional reform. A discussion of the Zimbabwean government's policy on SMEs follows.

Sibanda (2008:22) argued that with the initiation of the economic reforms in 1991, there has been a substantial change in the Zimbabwean government's assertiveness towards the private sector. Government support for the SME sector has been repeatedly enunciated in various policy documents such as the Framework for Economic Reform (FER), The Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) and The Economic Recovery Programme (ERP).

Furthermore, given the SMEs high labour-to-capital ratios, the Industrial Policy Framework recognises SMEs and their need to be encouraged to spread and grow. According to Muranda (2003:10), several government support programmes have been put in place for the SME sector. These programmes are sustained by institutions such as the Zimbabwe Development Bank, Small Enterprise Development Corporation (SEDCO), Credit Guarantee Company of Zimbabwe, Agricultural Development Bank (Agribank) and the Venture Capital Company of Zimbabwe. Muranda (2003:11), however suggested that this support has been piecemeal and uncoordinated. Directed by the ZIMPREST document, Industry Policy Framework, ERP, inquiry on the sector and consultations with stakeholders, the Zimbabwean government's SME policy addresses the following areas of (Nyoni 2002:7-8):

- Facilitating legal and regulatory environment
- Investment elevation

- Financial backing
- Market advancement
- Technology and infrastructure maintenance
- Provision of information
- Entrepreneurship, management and skills development
- Targeted support, relationships and partnerships
- Institutional restructuring.

A discussion of the above-mentioned aspects follows.

First, Chipika and Wilson (2006:970) noted that the complexity of the regulatory environment and the multiplicity of bureaucratic requirements are some of the constraints SMEs face in Zimbabwe. For example, the process of registering a business, obtaining the necessary licenses and the cost of compliance can be a major deterrent for small-scale entrepreneurs. These apprehensions by potential entrepreneurs range from business creation to reporting processes to tax requirements. For example, taxation favours large-scale businesses over small ones because the reporting demands of taxation, which are too numerous and highly rigid necessitates a high degree of professional resources (for example time or personnel) (Ndlovu 2002:7; Chinomona *et al.* 2010:184).

Kapoor, Mugwara and Chidavaenzi (1997:10) noted that while a regulatory framework is necessary for the operation of businesses, overregulation is a worldwide threat to the competitiveness of the business sector. Furthermore, complex regulations can create an environment for avoidance, as prospective entrepreneurs are reluctant to engage in business activities because of stringent regulations. Despite the fact that progress has been made during the first phase of deregulation in Zimbabwe (for example the deregulation of the financial, transport and agricultural sectors), the deregulation agenda in the country is still unfinished. The current deregulatory environment stifles the establishment of new entrepreneurial ventures (Kapoor *et al.* 1997:10; Ndlovu 2002:7).

Because of the drawbacks, Simbi (2004:4) and Ngwenya (2006:8) noted that the government of Zimbabwe has put in place detailed intervening strategies, which are aimed at reviewing laws and regulations to lessen the burden of doing business. Ngwenya (2006:5) argued that

policy makers are trying to make sure that rules in place are pro-active and do not impose inconsistent costs on businesses or the consumer. The regulatory remedies focus on the following: explanation of difficult regulations, enhanced access to information and centralising and restructuring procedures. For these remedies to be operative in addressing the SME challenges in Zimbabwe, the government has come up with several initiatives (Ndlovu 2002:7-8), which are discussed in the foregoing section.

According to the government of Zimbabwe (2000:4) the small business act is a lawful tool for enabling the growth of the SME sector in Zimbabwe. The act is used as a basis in defining SMEs and enabling the delivery of funding targeted to individual entrepreneurs and associations within the sector. The act also aims to produce an effective instrument for giving incentives to SMEs and stipulates rewards and penalties for non-compliance with the provisions. An audit tool to ensure compliance by all ministries and government departments is encompassed in the act.

Smith-Hunter and Mboko (2009:148) asserted that in Zimbabwe the business formation and licensing procedures have been formalised. This means that the answerable authorities for business establishment have an obligation to simplify and reduce processes for creating new entrepreneurial ventures. Local authorities have developed simple procedures that require minimum time and strength to issue the required licenses and permits (Kapoor *et al.* 1997:20; SEDCO of Zimbabwe 2004:3; Smith-Hunter & Mboko 2009:148).

Kapoor *et al.* (1997:20) suggested that the ultimate goal of the Zimbabwean government is to minimise reporting and administrative requirements of SMEs such as taxation requirements. This has resulted in the introduction of standardised formulae for calculating tax liability and tax forms, which are user friendly and which have been designed for SMEs. The simplified administrative requirements are also applicable to labour markets such as abiding by specified codes of conduct, employment conditions and wage levels (Ndlovu 2004:9; Robertson 2007:2).

According to Gono, (2006:7) venture campaign is also critical to the enlargement of SMEs. High interest rates and high inflation have a negative effect on the growth and development of the SME sector in Zimbabwe. It therefore becomes important to use macroeconomic policies to create a favourable environment for SME growth. On top of this, there must be considerations for incentives to SMEs at their introductory stage and at their growth stage so that they do not face complications in trying to establish themselves. An equilibrium must be

achieved between promoting and taxing small businesses so that they remain sustainable and achieve their roles of providing employment and improving the living standards of the majority (Kapoor *et al.* 1997:10; Ndlovu, 2002:7; Gono, 2006:8).

Masuko and Marufu (2003:2) state that the small business sector in Zimbabwe receives a tax relief from the government, that is, they are not subjected to the full rate of tax. This implies that SMEs have a lower corporate and capital gains tax threshold. SMEs are also given a five year grace period on taxation during their start up phase (Ndlovu 2002:28). This tax incentive is used also as a transitional process to encourage the graduation of small businesses from the informal to the formal sector and to widen the tax base. The Zimbabwean government has also introduced tax breaks for companies that subcontract to SMEs or who earmark funds for the sector such as ‘business angels’. Business angels are financial backers who provide venture capital funds to small start-ups or entrepreneurs (Ndlovu 2002:28; Masuko & Marufu 2003:2; Gono 2009:18).

The Ministry of Small and Medium-sized Enterprise Development in Zimbabwe (2002:25) noted that local authorities and utilities in Zimbabwe are encouraged to identify incentives that encourage small businesses to establish themselves and register. Rate rebates or discounts on land and services, for example, can represent a valuable incentive. These are viewed as some of the most effective incentives in that a discount in land cost will result in a reduced cost of production, which will increase the viability of SMEs (Ministry of Small & Medium Enterprise Development in Zimbabwe 2002:25; Masuko & Marufu 2003:9).

Chinomona *et al.* (2010:185) noted that the credit finance board incorporates the establishment of institutions that assist the viability of SMEs in obtaining unsecured funding at concessionary interest rates. The Zimbabwean government has introduced some incentives such as a reduction in the tax rate paid and easy access to foreign currency for the purposes of acquiring imported materials. The inputs and parts are required in the production process. SME responsive bodies are those bodies that fully back up SMEs and help them financially and in an advice-giving capacity.

### **2.7.1 Credit guarantees**

Chipika and Wilson (2006:960) noted that credit guarantees are used as a tool to address finance availability and collateral constraints of SMEs. The Zimbabwean government has taken

a prominent part in providing a guarantee fund for SMEs since they act as surety for the SMEs when they want to borrow from banks and credit institutions.

The Zimbabwean government has also encouraged a culture of saving among SMEs through the formation of cooperatives and credit unions. SMEs can deposit money in these cooperatives and credit unions as a provision mechanism to safeguard their financial survival in the future (Chinomona & Pretorius 2011:170). It can be deduced that this is done in order for SMEs to plough back their profits in the form of additional investments, which result in development (Chipika & Wilson 2006:960; Gono 2006:9).

In addition, the government offers financial and institutional support to those SMEs forming groups to mobilise resources such as credit unions and group insurance, in particular, for cooperatives and for rural women (Nitcher & Goldman 2009:1460; Chinomona 2012 (a):10005).

### **2.7.2 Risk capital, market penetration and market intelligence**

According to Masuko and Marufu (2003:9) risk capital includes private equity, business angels and corporate venturing. Private equity refers to equity capital that is made available to companies or investors, but not quoted on a stock market. Incentives for initiatives such as tax breaks for those investing their own equity into high growth businesses also have been introduced. The Zimbabwean government is also promoting the establishment of secondary markets. The secondary markets are aimed at increasing the attractiveness of small businesses to the lending community and allow the lenders to meet the credit needs of small businesses through equity involvement. This arrangement provides a hedge against liquidity problems for SMEs. This is due to the fact that SMEs will be listed on the stock exchange and their performance will be monitored (Ministry of Small & Medium Enterprise Development in Zimbabwe 2002:25; Masuko & Marufu 2003:9).

However, access to markets, both local and foreign, remains a substantial constraint facing the small-scale entrepreneur. Many SMEs in Zimbabwe have failed to operate successfully because they do not have enough information and intelligence on market opportunities and market trends. Instant access to information sources is not always readily available. Accessing external information services are also very costly and are, therefore, out of reach of many SMEs in Zimbabwe (Gono, 2009: 22). In addition, Muranda (2003:22) noted that the SME sector is not geared for exports and most entrepreneurs find the costs and problems of exporting

burdensome. Export procedures are not easy since there is a large amount of paperwork to be accomplished and red tape involved in the process making it too rigid. Furthermore, import duty refunds under the duty drawback system take too long to process (Muranda 2003:22). Simbi (2004:2) exposed that the duty drawback system is a scheme that enables exporters to claim refunds of duties initially paid on imported inputs used in the manufacture of products for export, upon evidence of such export. The delay in the processing of duty will deny SMEs of the money needed for reinvestment purposes. Therefore, these delays have a adverse impact on SME development as they experience financial difficulties (Muranda 2003:21; Simbi 2004:2; Gono 2009:33).

To counter the above-mentioned market penetration challenges being encountered by SMEs, the Zimbabwean government has developed the following strategies for intervention. Nyoni (2002:9-10) and Hwamiridza (2007:12) noted that it is essential that information on market trends through industry sector studies and other strategies be provided on an uninterrupted basis to SMEs. The government has made available reinvestment studies that are sector specific to SMEs in order to boost their competitive advantage. Business associations are providing a service to SMEs with regard to market opportunities in order for them to mold their operations towards the utilisation of the available opportunities. Technical help provided by ZimTrade is strengthened also to increase the marketing knowledge of SMEs and to single out niche markets (Government of Zimbabwe 2000:5; Ministry of Small & Medium Enterprises Development in Zimbabwe 2002:8; Hwamiridza 2007:12). However, by aiming a specific market, SMEs will intensify their existence chances and profitability (Venter & Van Rensburg 2009:160). Muranda (2003:21) noted that ZimTrade delivers international trade information, facilitates the growth, expansion, promotion and synchronisation of all export related activities leading to viable export growth in Zimbabwe. The Zimbabwean government helps small businesses to attend international and regional trade fairs so that they can improve their business knowledge. Therefore, SMEs are becoming more competitive both locally and internationally and are able to stay alive as they are now operating in a global market, which is highly competitive (Muranda 2003:21).

The government of Zimbabwe (2000:5) noted that significant access to markets by SMEs will also be gained through the promotion of subcontracting, franchising, licensing, joint ventures and other forms of business linkages. In such incidences, the Zimbabwean government has introduced regulations to protect SMEs from exploitation such as the prompt payment

legislation (Mupemhiwa 2009:7). Mupemhiwa (2009:7) viewed this law as geared towards protecting SMEs after they have rendered services to large firms who are normally in the habit of failure to make payments. Set aside arrangements in various sectors are introduced to give first priority to small businesses in terms of getting contracts (Masuko & Marufu 2003:9; Chinomona *et al.* 2010:185).

According to Hwamiridza (2007:11), Zimbabwean government has developed data banks and marketing houses to support SME exports. These marketing houses as well as distribution networks have been established to support SME exports. The distribution networks have been set up by Zimtrade and the private sector to enhance the SME export process and also to support in reducing the processes that SMEs go through in exporting their products and services (Government of Zimbabwe 2000:5; Hwamiridza 2007:12).

The Zimbabwean government has encouraged quality assurance measures and accreditation to ISO 9000 and other standards in order to enhance product competitiveness (Simbi 2004:9). ISO 9000 is a standardised quality for manufactured products, which must be met. The Zimbabwean standards association is also embarking on a support programme targeted at SMEs. This is being done to permit SMEs to produce products to the necessary and expected standards, which escalate their competitive advantage (Ndlovu 2002:12; Chuma-Mkandawire 2004:2).

Hwengwere (2004:5) noted that in building a facilitative trading atmosphere, procedures for exporting and importing have been simplified and costs minimised for SMEs by the Zimbabwean government. Schemes such as the duty drawback system and the interior processing scheme are functioning efficiently and effectively in Zimbabwe and their administration has been decentralised in all regions of Zimbabwe. An inside processing scheme is a duty suspension scheme that allows registered beneficiaries, normally the larger exporters, to import inputs in bond without paying duty required to maintain accurate inventory records (Hwengwere 2004:5; Gono 2006:9). Duty is paid only in the event of such inputs being used to manufacture for the Zimbabwean market. The tariff system is being constantly reviewed to make sure that it responds to ever-changing domestic and international circumstances and trends (Chuma-Mkandawire 2004:2). The immigration regulations have been made user-friendly for SMEs to expedite smooth cross-border trading in order to reduce the bureaucratic procedures and red tape. This process is being driven by the export processing council of Zimbabwe and ZimTrade. These institutions are responsible for the exports that firms are

engaged in and they help in accomplishing all the necessary formalities and procedures (Masuko & Marufu 2003:2).

### **2.7.3 Technology and infrastructure support**

Lack of knowledge has led SMEs being unable to identify sources of technologies appropriate to their specific activities (Chinomona *et al.* 2010:170). Research done on the SME sector often cite respondents complaining about not knowing where to go for acquiring the most cost effective technology (Chipika & Wilson 2006:969; Chinomona & Pretorius 2011:184). This technology enables SMEs to service their clientele, however, they end up purchasing costly technology, which sometimes might not be suitable for their operations. Lack of knowledge with regard to information technology also hampers the development and growth of SMEs in Zimbabwe since it results in an increased cost of production, which minimises the capability of SMEs (Chipika & Wilson 2006:970).

The government of Zimbabwean has put in place various strategies for intervention, which are aimed at supporting SMEs in their pursuit for growth and development. According to Nyoni (2002:10-11), Robertson (2007:6), Chinomona and Pretorius (2011:171) surviving institutions such as the Scientific, Industrial, Research and Development Centre (SIRDC) and the Centre for Innovation and Enterprise Development in Zimbabwe have been encouraged by the government to reinforce their programmes to assist SMEs. These programmes assist SMEs in two ways. First, the programmes also assist SMEs with current information on technological advancement to keep them abreast of the changing trends that enhances the uniqueness, quality and competitiveness of their products. Educational tours to expose SMEs to new technologies are undertaken also by technological-oriented firms in order to make SMEs aware of the already existing new technologies and how they can be applied in their operations (Masuko & Marufu 2003:2). Secondly, it identifies suitable technologies, which are necessary in the daily operations of SMEs.

According to the Zimbabwean government (2000:3), local authorities created attractive dealing and manufacturing points for the small business sector, especially the informal sector is attractive. Local authorities are reviewing the operative master plans and local plans in order to direct resources for the informal sector close to both the market and suppliers of raw materials. This is being done for the convenience of SMEs in that they will have access to the

source of raw materials for manufacturing purposes and to market their finished products (Mupemhiwa 2009:6).

According to Sibanda (2008:13), in order to cut the need for a large up-front capital outlay for infrastructure support, business incubator start-up SMEs are being built in Zimbabwe. This temporal arrangement helps to reduce the start-up costs of SMEs and enables them to build quickly their businesses. Computers and e-mail facilities are tools for incubators to be provided as these facilities are necessary in any business set-up (Sibanda 2008:11). In the long term, technology parks will be introduced as public-private sector initiatives to boost invention. This will enable SMEs to keep well-informed of technological modifications and embrace the new trends in the market place (Government of Zimbabwe 2000:3; Chipika & Wilson 2006:975).

The government of Zimbabwe established the state throughput centre to set up productivity benchmarks both at national, regional and international level. These benchmarks are necessary to ensure that business organisations are meeting the globally required product standards (Ngwenya & Ndlovu 2003:3; Smith-Hunter & Mboko 2009:147).

The government of Zimbabwe is also reassuring SMEs to adopt information technologies such as electronic and wireless commerce to enhance their competitiveness (Government of Zimbabwe 2000:3). This will enable SMEs to respond to the demands of the 21st century in that they are able to communicate quickly and effectively, leading to swift processing of orders (Chipika & Wilson 2006:976).

#### **2.7.4        Entrepreneurial management and skills development**

In Zimbabwe several studies suggest that entrepreneurs in the SME sector accord low priority to training and are often unwilling to participate in programmes, which require them to finance even a small proportion of total training costs (Ndlovu 2004:22; Robertson 2007:3). Cash management to marketing strategies and finance are areas of weaknesses that have been identified in Zimbabwe. Lack of technical skills in designing and producing quality products, as well as expertise in implementing growth strategies for their enterprises are business start-ups common obstacles in Zimbabwe (Gono 2009:29).

In order for the Zimbabwean government to address these challenges, skills development and training are being provided at shop floor, management and entrepreneurial levels (Government

of Zimbabwe 2000:6). According to Nyoni (2002:11-12) these strategies for intervention focus on various aspects, which are discussed below.

Training of entrepreneurs is being done on a national basis targeting women, the youth and the unemployed (Smith-Hunter & Mboko 2009:148). These three are targeted since they are the most affected by unemployment and are more willing to take risks. The training is mainly in business skills, which includes drafting business plans and small business bookkeeping. This kind of training is necessary because for any small business man to access funds, a suitable business plan is mandatory. Furthermore, a basic knowledge of simple accounting is required since SMEs cannot afford the services of professional accountants during their initial operating periods, as they will not be well established and, therefore, less viable and profitable (Gono 2006:19).

Sibanda (2008:11) noted that the strategic area of SME training in Zimbabwe is on strategic marketing, business planning, financial management, business ethics and information technology (IT) skills. Extension services are being strengthened to mentor and monitor small business ventures to reduce their failure rates. Specialised training is being provided to entrepreneurs in areas that address productivity and environmental awareness since they have a bearing on their competitiveness. Inspite of everything this is geared towards ensuring the survival, growth and development of the SME sector in Zimbabwe (Chipika & Wilson 2006:977; Chinomona 2012 (a):10007).

According to SEDCO of Zimbabwe (2004:19), practical skills are provided to sharpen the production skills of SMEs in order for them to produce goods to the required international standards that in turn enhance their global competitive advantage. Institutions of higher learning, technical colleges, vocational training centres and the private sector play a key role in this exercise since they are involved in the actual training as service providers. More attention is placed on the development of IT training through technical colleges, private institutions and even high street internet cafes in order to establish poise and to grow the skills base (Government of Zimbabwe 2000:9). However, a skills base aims to provide tools that can be used to identify and capture skills, knowledge and experience. In addition, a skills base will also lead to an advancement in the levels of business expertise, which results in the successful operations of business entities. The government is encouraging the private sector to provide mentorship support to emerging entrepreneurs in the form of big and small brother relationships (Ngwenya & Ndlovu 2003:2).

Rwafa (2006:3) and Simbi (2004:6) postulated that ministries such as the Ministry of Small and Medium Enterprise Development, Ministry of Finance, Ministry of Economic Development, Ministry of Industry and International Trade and the Ministry of Agriculture, which support small businesses, are setting up small business resource centres in the whole country. SEDCO of Zimbabwe (2004:10) noted that profitmaking banks and business associations are being encouraged to develop written guidelines to help SMEs to comply with regulations and to develop formats of business plans and financial statements. In order for SMEs to access support, information on service providers and their areas of expertise is published by the government through the Ministry of Small and Medium Enterprises Development and institutions such as the SEDCO. In this regard, a database of service providers is provided by the government of Zimbabwe. Quality assessment of their competencies are undertaken to ascertain quality programme delivery to SMEs. This is done in order to ensure that SMEs receive the best services to ensure their survival and future growth (SEDCO of Zimbabwe 2004:11).

### **2.7.5 Targeted support and development**

The focus of targeted support is on how best the culture of entrepreneurship can be encouraged. The Zimbabwean government is paying special attention to the growth and development of SMEs through initiatives such as the cluster based development, gender dimension, youth development and rural focus (Sibanda 2008:25; Small and Medium Industries Development Organisation 2004:8; Mupemhiwa 2009:7). Respectively, each of these focal points is discussed in more detail below.

According to Mupemhiwa (2009:8), the objective of cluster initiative organisations is to encourage economic development within the cluster by improving the competitiveness of one or several specific business sectors. The government of Zimbabwe places high precedence on export promotion and the emphasis of the government has shifted to a cluster-based approach, which focuses on adding value at every level of the manufacturing value chain. Specific support programmes are being provided by the government of Zimbabwe for clusters that have a potential for growth and where there are greater opportunities for downstream and value added activities. The identified clusters are food processing, light engineering and metal products, carpentry and furniture making, textiles and home crafts and tourism (Chinomona *et al.* 2010:170). Because of the country's human capital endowment, service sectors related to information technology and back office data processing have been identified. The development

of these industries can be significant engines for economic growth in Zimbabwe, making the SME sector in the country globally competitive (Chinomona *et al.* 2010:185).

The existing spate of literature indicates that the percentage of women in Zimbabwe who start SMEs is lower than the average in developed countries (Mukras 2003:13; Robertson 2007:3; Smith-Hunter & Mboko 2009:15). Women own and operate 25 out of hundred of the businesses in advanced market economies (Parhizkar *et al.* 2010:350). As a result, a plan of action for encouraging women entrepreneurs and the establishment of SMEs by women has been put in place by the Zimbabwean government. Specific programmes range from strategies to remove barriers for females' cross-border traders, the amendment of the banking act with regard to married female access to finance, home-based business as an option and motivational and confidence building workshops for the female child. The focus on women by the Zimbabwean government is because women are more than men and comprise of about 52 or more percent of the total population in Zimbabwe and the majority of them are not formally employed (Smith-Hunter & Mboko 2009:14). It is therefore easier to cultivate a spirit of entrepreneurship in women than men because they are many in numbers, which means that their active involvement in business may result in economic and socio-economic development of the nation (Mukras 2003:13). Smith-Hunter and Mboko (2009:14) noted that female business owners are innovators, job creators and providers of economic security. Because of this can eradicate poverty leading to uplifting of living standards. As owners of SMEs, women like men can also supply multinational companies with ideas, inventions, technology, raw materials, components and business services. The above benefits can be achieved through a stronger concentration on women entrepreneurs (Mukras 2003:13; Robertson 2007:3; Smith-Hunter & Mboko 2009:15).

Kanya (2007:19) argued that a comprehensive integrated programme providing funding, technical skills (including IT skills) and entrepreneurship training targeting the youth was implemented through the help of the Zimbabwean government. As in the case of women, the young ones also constitute a larger number of the Zimbabwean population and most of them are unemployed graduates. Schlogl (2004:9) commented that the Zimbabwean youth are taught and encouraged to engage in entrepreneurial activities since they are supposed to take an active role in the economic activities by virtue of them being the economic active group. Furthermore, this safeguards them against engaging in illegal and fatal activities such as drug abuse and armed robberies (Ndlovu 2004:4; Schlogl 2004:9).

Simbi (2004:11) suggested that the Zimbabwean government pay special attention to medium and small businesses in rural areas. Particular attention is related to market support with regard to the transportation of goods, sourcing and the storage of raw materials. The focus is directed at the rural population to undertake innovative and value-added employment generation projects that tap resources endowed in various provinces (Machipisa 1998:3). SMEs can grow and develop at a faster rate in impoverished countryside areas since there is a large amount of untapped resources such as raw materials and labour in these areas (Machipisa 1998:2; Masuko & Marufu 2003:4).

## **2.8           SMES RELATIONSHIPS AND PARTNERSHIPS IN BUSINESS**

Mukras (2003:14) noted that SMEs in Zimbabwe are stimulated establish to partnerships and joint ventures at local, regional and international levels with large businesses. Partnerships, such as joint ventures, franchise arrangements and subcontract arrangements facilitate the provision of capital injections, market access, managerial expertise and the transfer of technology (Wagner, Fillis & Johnson 2003:343). Working in unity with other boardies mentioned above increases the growth of SMEs and results in them being successful and competitive in a global environment (Mukras 2003:14; Wagner *et al.* 2003:343; Gaomab 2004:3).

### **2.8.1       Institutional reform**

The structures in place still need to be improved for the growth and development of SMEs in Zimbabwe. Chinomona *et al.* (2010:184) viewed that the prevailing institutional infrastructure for SME support in Zimbabwe is fragmented and needs to be rationalised to ensure better coordination. The capacities of institutions to help SMEs are being strengthened to enhance effective service delivery. The applied strategies to enhance capacity are through organised training programmes, attachments, hands-on technical assistance and study tours (Mupemhiwa 2009:9). Capacity building programmes include policy formulation techniques, research methods, advocacy skills and business consultancy techniques. Structures to establish an institutional framework, which facilitates the growth and development of SMEs in Zimbabwe include the Ministry of Industry and International Trade, Ministry of Youth, Gender and Employment Creation, Small Business Advisory Council, Small Business Authority, National Association of SMEs, Business Associations, ZimTrade, Scientific Industrial Development and Research Centre, Standards Association of Zimbabwe, Export Processing Zone, Zimbabwe

Investment Centre, The National Productivity Centre, Financial Institutions and Industrial Task Force (Zindiye 2008:195). The efforts to make the SME sector vibrant in Zimbabwe are being recognised and both public and private institutions have joined hands with the government to make the sector is a success (Gono 2009:12). Discussion of the role played by Empowerment of Entrepreneurs, Training, Education and Communication skills development (EMPRETEC), International Labour Organisation (ILO) and SEDCO in the development of the SME sector follows.

## **2.9            NON-GOVERNMENTAL ORGANISATIONS' SUPPORT TO SMES**

Government of Zimbabwe (2000:5) noted that to ensure the contributions of the SME sector are fully realised, the Zimbabwean government has joined hands with supporting institutions such as EMPRETEC, ILO and SEDCO. According to Simbi (2004:9), EMPRETEC, ILO and SEDCO were set up to help the SME sector grow and flourish. EMPRETEC is an organisation, which aims at empowering SMEs through training and the provision of support services. It is involved in the training of entrepreneurs and potential entrepreneurs with managerial skills and other skills such as bookkeeping, human resource management and marketing and communicating skills to operate their business ventures. The business management training course offered by EMPRETEC focuses mainly on imparting business management skills to entrepreneurs and their employees. As an initiative of the government of Zimbabwe and the UNDP, EMPRETEC was born out of the need to build and nurture a high quality growth-oriented community of Zimbabwean entrepreneurs (Gono 2009:16). This means preparation of a new breed of dynamic, highly motivated, self-confident and focused entrepreneurs. EMPRETEC has also established an Internet café for SMEs, an audio, video and publications library, where audio and video cassettes, journals and other publications are accessed easily as reference and training materials (Hwengere 2004:13).

SME development in Zimbabwe is also supported by ILO at a much larger percentage. Recommendation 189 of 1998 agreed to support member states of the ILO to develop policies that facilitate the start up, growth and promotion of SMEs (Machipisa 1998:4; Chuma-Mkandawire 2004:5). The ILO is actively involved in training SME entrepreneurs through programmes such as Start Your Business (SYB) and Start and Improve Your Business (SIYB) in Zimbabwe. ILO is also funding the Expand Your Business (EYB) training for SMEs and is providing seed money as startup capital for SMEs. Furthermore, ILO is concerned with the

impact of HIV and AIDS among SMEs in Zimbabwe and has drafted possible policy frameworks for implementation to help in the fight against the HIV and AIDS pandemic among entrepreneurs in the country (Chuma-Mkandawire 2004:5, 12-13).

SEDCO falls under the Ministry of Small and Medium Enterprises Development and is a leading player in the promotion of SMEs in Zimbabwe. SEDCO of Zimbabwe (2004:5) is prominent in the development of small enterprise development as it reaches out to emerging businesses in Zimbabwe's small, but vibrant economic sector. SEDCO concentrates on the promotion and facilitation of the development of SMEs in Zimbabwe. In addition, it also assists in the creation of employment through the establishment of income generating projects that would also sustain sustainable enterprises. Furthermore, it also provides business management and entrepreneurship training to develop professional skills in business management. The training is in record keeping and skills development training. Looking on the other hand, SEDCO aims to foster self-reliance and greater participation in economic life by the majority of Zimbabwean nationals through the prompt and increase of exports from the small enterprise sector (SEDCO of Zimbabwe 2004:16). Through SEDCO, a number of loan facilities have been channeled to SMEs. These included the SME Revolving Fund, Reserve Bank of Zimbabwe (RBZ) Productive Facility, the Loan Booth Programme, People's Shops Programme, Business Infrastructural Development Programme and Business Management and Entrepreneurship Training (Small Enterprise Development Corporation (SEDCO) of Zimbabwe 2004:17).

Notwithstanding the importance of the SME sector to the nation, the efforts of the Zimbabwean government and other supporting institutions' efforts to promote and support this sector in ensuring that it fulfills its role, it still encounters some problems and challenges, which affect its growth and development (Chinomona 2012 (a):10007). These challenges have a negative effect on the contribution of the sector to employment creation, economic growth and development (Chinomona & Pretorius 2010:172). Major challenges being experienced by the SME sector in Zimbabwe are discussed.

## **2.10 PROBLEMS FACED BY THE SME SECTOR IN ZIMBABWE**

Chinomona *et al.* (2010:184) argued that SMEs, in their mission to increase the standards of living of Zimbabwean citizens, reduce the levels of poverty and unemployment and significantly contribute to the economic growth and development of the Zimbabwean

economy, the SME sector faces a number of challenges, which impair their growth and development. The main challenges being faced by SME sector in Zimbabwe include lack of transport, inadequate equipment and insufficient resources to execute planned activities (Simbi 2004:2; Ngwenya 2006:4; Chinomona & Pretorius 2010:170).

Masuko and Marufu (2003:28) noted that manufacturing SMEs have trouble in accessing transport facilities to deliver their finished products to the market. Furthermore, the SME sector in Zimbabwe is experiencing problems such as a lack of appropriate management skills to run their business entities, access to loans, inhibiting legal frameworks, access to markets, quality products and registration bureaucracy (Wild 1997:33). Chinomona *et al.*, (2010:184) noted that in Zimbabwe SMEs lack the necessary human resources skills, marketing skills, financial management skills and general management skills to ensure the continued survival of the sector in the country. Insufficient management skills, therefore, have a negative effect on the growth of the SME sector in Zimbabwe. The lawful framework is also not favourable towards the establishment of SMEs in Zimbabwe. SMEs have limited access to the market since large companies dominate them. On top of this, they are also not in a position to produce quality products that meet international standards due to their failure to purchase all the required raw materials because of financial constraints (Chipika & Wilson 2006:971).

Masuko and Marufu (2003:29) showed small scale industries are also currently facing challenges such as the limited growth of their businesses and amplified competition in the SME sector due to globalisation. The dynamics of small-scale industries have become more challenging. Chinomona *et al.* (2010:170) noted they are required to offer products to the required international standards but most of them cannot compete in a globalised world. Hinton, Mokobi and Sprokel (2006:17) and Sibanda (2008:9) pinpointed the principal constraints currently affecting the SME sector in Zimbabwe, which are limited access to finance and the high cost of finance. The majority of SMEs lack equity to finance their enterprises and invariably resort to borrowing from financial organisations to establish and expand their businesses. This has resulted in SMEs being highly geared, meaning they have a high debt to equity ratio, which means that they are mainly financed through borrowing (Ministry of Small & Medium-Sized Enterprise Development in Zimbabwe 2002:24). The secondary limitations of SMEs are absence of security and the lack of a track record.

However, SMEs in Zimbabwe are also experiencing challenges such as bad publicity in the western media and fuel shortages, which contribute to the high failure rate of SMEs in the

country (Ndlovu 2004:19; Gono 2009:12). This bad publicity results in low foreign direct investments, which subsequently increase the SMEs challenge of limited access to sources of finance (Gono 2006:4; Gono 2009:12).

## **2.11           SYNOPSIS**

A large volume of research has been done on SMEs both in developed and developing countries and different authors have tried to define what SMEs are (Chipika & Wilson 2006:970; Nitcher & Goldmark 2009:1453; Chinomona *et al.* 2010:170; Parhizkar *et al.* 2010:394; Chang *et al.* 2011:2129; Chinomona 2012 (a):10007). Despite this, the authors agree in that SMEs must be registered, should have a capital base, assets and a certain number of employees. SMEs play an important role in the Zimbabwean economy through creating employment opportunities, economic growth and development, poverty eradication and improving the standards of living of people. Because SMEs are vital and crucial in economic growth, government and other institutions are making significant contributions in the growth and development of the SME sector. They are assisting SMEs in terms of providing relevant and updated technology and infrastructure support, entrepreneurial management and skills development, institutional reforms, credit guarantees, risk capital, market penetration and market intelligence. The aid is necessary in that it will enable the SME sector to achieve its objectives. These objectives are mainly employment generation and improving the standards of living, as many people will be having disposable income to spend on goods and services.

Although the government of Zimbabwe and other supporting institutions are fully committed towards the growth of the SME sector, this sector still faces problems. The distinguished main challenges, which hamper the growth of the SME sector in Zimbabwe, are limited access to markets and finance, limited managerial skills (finance, marketing, human resources and general management skills), poor transportation of goods and poor infrastructure especially in rural areas and foreign currency shortages. Despite some challenges, being faced by the SMEs in Zimbabwe the government is trying to grow this sector through backup organisations such as EMPRETEC, ILO and SEDCO. Support has been rendered in the form of loans, SME revolving fund and training of SMEs staff.

Chapter 3 will focus on the employee perception of equity and organisational citizenship behaviour and the theories related to these two constructs. The theories include equity theory and justice judgement theory. Chapter 3 will explain and discuss how employee perception of

equity and organisational citizenship behaviour affects organisational commitment and ultimately employee intention to stay in Zimbabwean SMEs.

# **CHAPTER 3**

## **EMPLOYEE PERCEPTION OF EQUITY AND ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

### **3.1 INTRODUCTION**

Chapter 2 provided an overview of SMEs in Zimbabwe. While many authors defined SMEs differently, they agree in that SMEs must be registered, should have a capital base, should have assets and it must have a certain number of employees. The sector plays a significant role in the economy of Zimbabwe through creating employment opportunities, economic growth and development, poverty eradication and improving the living standards of people. Although the government of Zimbabwe and other supporting institutions have endeavoured to grow this sector, this sector is still not without its problems. The major challenges, which hinder the growth of the SME sector in Zimbabwe, are limited access to markets and finance, limited managerial skills, poor transportation of goods and poor infrastructure especially in rural areas.

Chapter 3 will concentrate on the employee perception of equity and organisational citizenship behaviour and the theories related to these two constructs. The theories include equity theory, justice judgement theory, social exchange theory and leader-member exchange (LMX) theories. This chapter will explain and discuss how employee perception of equity and organisational citizenship behaviour affects organisational commitment and ultimately employee intention to stay in Zimbabwean SMEs.

### **3.2 DEFINITION OF EQUITY**

Scholars and practitioners have increasingly recognised the relevance of equity as a determinant of organisational efficiency and effectiveness (Greenberg 2009:181; De Cremer, Van Dijke & Mayer 2010:1121; Van Djike, De Cremer, Mayer & Quaquebeke 2012:235). Plato and Socrates are being recognised as the gurus on justice or fairness. The scholarship on justice and fairness has been a topic of philosophical interests that extends back at least as far as Plato and Socrates (Colquitt, Colon, Wesson, Porter & Ng 2001:425). The existing spate of literature consistently finds that people care about fair treatment and when individuals perceive that they are treated fairly, they express greater satisfaction with social relationships (Kanopaske & Werner 2002:406; Almar 2005:1; Kinicki & Kreitner 2008:163; Park, Ellis, Kim

& Prideaux, 2010:203; Nicklin, Greenbaum, McNall, Folger & Williams 2011:128; Robbins & Judge 2011:122). Kinicki and Kreitner (2008:163) defined equity as the perception of being treated fairly at the work place. Equity is also defined as “fairness, rightness, or deservingness in comparison to other entities, whether real or imaginary, individual or collective, person or non-person” (Kwon & Jang 2012:1236). However, in this study EPE is defined as the employee’s perceived fairness of job outcomes given his or her job input in an organisation. Accordingly, EPE are premised on their expectations that the proportion between efforts spent and rewards received at work should be justifiable. As a phenomenon, employees always anticipate fair treatment at the workplace and respond in a certain way if they perceive unfairness. Unfairness results in labour disputes, strikes and high turnover ratio (Cohen-Charash & Spector 2001:278; Colquitt, Conlon, Wesson, Porter & Ng 2001:425). It is further argued that perceived inequities at the work place also impacts negatively on job performance (Park *et al.* 2010:204), cooperation with coworkers (Kanopaske & Werner 2002:400), work quality (Cardy, Miller & Ellis 2007:148) and commitment to employers (Balsam & Miharjo 2007:100). Research studies have also confirmed that it is more costly for firms to recruit a new worker than to retain an existing one (Almar 2005:2; Balsam & Miharjo 2007:98; Park *et al.* 2010:205). For example, employees will work as hard as other workers will or will not think of quitting the job if they are given an equal reward. Cater and Zabka (2009:785) postulated that treatment by an organisation would be felt as fair when it is appropriate according to the employee’s perceptions, expectations, and attitudes. Thus, when workers perceive the ratio to be equal to that of others then a state of equity is said to exist and this will consequently result in organisational commitment. However, if the proportion is unequal then the employees experience equity strain. Consequently, when workers see themselves as under rewarded, the resultant tension creates wrath (Janssen 2001:1040). Inequity contributes to negative consequences within the organisation and equity results in smooth running and functioning of the organisation (Park *et al.* 2010:204).

### **3.2.1            Three types of equity**

Kanopaske and Werner (2002:406) identified three types of equity, namely external, internal and employee.

### **3.2.2        External equity**

External equity occurs when employees compare themselves with others who have the same job but work in different organisations (Kanopaske & Werner 2002:407). Factors that affect external equity include organisational size, type of industry, firm's ability to pay, and geographic location. In terms of organisational size, employee remuneration tends to increase as company size increases, possibly because of the extra effort required by employees in larger organisations. Additionally, firms in capital intensive industries, firms with a greater ability to pay, and firms located in expensive geographic locations tend to pay well above poverty datum line (Kanopaske & Werner 2002:408). Therefore, it is believed widely that organisations use labour market pay surveys to achieve external equity because if workers are paid less than others in the same industry they will be disgruntled (Greenberg 2009:182).

### **3.2.3        Internal equity**

Internal equity occurs when employees compare themselves with others who have different jobs and work in the same company (De Cremer *et al.* 2010:1130). According to Van Dijke *et al.* (2012:235) “a pay structure will be perceived as equitable or inequitable depending on whether the pay for job A, compared to its requirements (education, experience), the work performed (task, behaviours, working conditions), and the value of contributions (to organisational objectives and/or consumers) is congruent with the pay for job B”. Thus, factors affecting internal equity perceptions are job-based factors, which are presumed to affect perceived inputs (Kanopaske & Werner 2002:406). Organisations use job evaluation plans such as employee performance appraisals to achieve internal equity, although they can be subjected to abuse by top management.

### **3.2.4        Employee equity**

Looking on the other side of the coin, employee equity exists when the employees compare themselves with others who occupy the same job and works for the same company (Greenberg 2009:183). Inputs for this type of equity include individual job performance, seniority, gender, and OCB. Research has shown that employees desire pay raises and overall pay to be based on individual job performance (Van Dijke & Mayer 2010:1121; Nicklin *et al.* 2011:128) and seniority (Werner 2000:10). Similarly, managers also believe that seniority should be a determinant in the size of salary increases (Lawler 1996:4), although this may be changing in

the current performance-driven climate. For example, gender may be perceived as an input in equity perceptions because of traditional patterns of under payment for women and lower expectations of pay (Adams 1965:268). Organ (1988:5) suggested that OCBs could be an input for employees' equity ratio and adjusting the level of OCB could be a response to inequity. By relating equity theory to this study, it is believed that the employees in Zimbabwe's SMEs in both service and manufacturing industries may feel distress if for example, they perceive the ratio between the efforts used up and rewards received at work to be inequitable compared to the average contribution of others. As a result of this perception of inequity, the workers are likely to behave in a way to avoid this distress by reducing among others, their commitment to the employer or vice versa.

### **3.2.5 Three equity relationships**

Three equity relationships suggested by Kinicki and Kreitner (2008: 176) are equity, negative inequity and positive inequity. On the job, feelings of inequity revolve around a person's evaluation of whether he or she receives adequate rewards to compensate for his or her contributive inputs. People perform these evaluations by comparing the perceived fairness of their employment exchange to that of relevant others. People tend to compare themselves with people performing the same job or individuals of the same gender or educational level, rather than dissimilar others. If there is any difference in this it results in positive inequity because it is justifiable.

#### **3.2.5.1 Equity**

Comparing oneself with others happens universally across human cultures (Kinicki & Kreitner 2008:66). From personal attributes such as beauty and intelligence to possessions such as cars and homes, social comparison processes can significantly influence how good one feels about oneself (Shelly 2001:23; Song 2008:675). Men can compare the size of their vehicles to improve their sense of self-worth; they can compare themselves with those with smaller or cheaper cars or perhaps perform actions that sabotage those with larger or more expensive cars (Seiger, Bernhard & Frey 2011:79). Particularly in competitive environments, it has been shown that social comparison leads to envy as well as taking delight in someone else's misfortune (Smith & Kim 2007:46). Equity exists for an individual when his or her ratio of perceived outcomes to inputs is equal to the ratio of outcomes to inputs for a relevant co-worker. Because equity is based on comparing ratios of outcomes to inputs, inequity will not

necessarily be perceived just because someone else receives greater rewards. If the other person's additional outcomes are due to his or her greater inputs, a sense of equity may still exist (Van Dijke *et al.* 2012:235).

### **3.2.5.2 Positive inequity**

A person experiences positive inequity when his or her outcome to input ratio is greater than that of a relevant co-worker. The person might not feel any detrimental feelings to the organisation but will work extra hard to please the employer to gain more favours or more benefits. Positive inequity is just as good as organisational politics in which a worker gains favours or is promoted based on nepotism and favouritism (Vigoda 2000:326; Witt 2008:668). He or she will try by all means to be aligned to the manager for special favours by making other employees look bad or incompetent (Robbins & Judge 2009:121). According to Robbins and Judge (2009:495) organisational politics are “activities that are not required as part of one’s formal role in the organisation but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organisation”. It is the activities in an organisation that are inconsistent with accepted organisational norms, designed to promote self-interest and are taken without regard for and even at the expense of organisational goals. The one engaging in organisational politics will gain favours at the expense of those who are against it (Robbins & Judge 2009:495).

Empirical research done has provided substantial evidence that organisational politics, among others rears negative perceptions of equity, diminishes organisational commitment and ultimately compels turnover intentions or turnover of employees (Ferris, Adams, Kolodinsky, Hochwarter & Ammeter 2002:210; Rosen, Chang, Johnson & Levy, 2009:205).

### **3.2.5.3 Negative inequity**

If one person compares his or her inputs and outputs with others, if the person enjoys greater outcomes for similar inputs, negative inequity will be perceived. The person will feel guilty that he or she is earning more than others do for doing a similar job (Greenberg 2009:181). This might lead to a person feeling out of place and consequently opt for quitting the job although this is a rare case considering that human nature determines they are egocentric and have endless needs (Kinicki & Kreitner 2008:175).

### **3.2.5.4 Reducing inequity**

It is important to note that inequity can be reduced in a number of ways. Equity ratios can be changed by attempting to alter one's outcomes or adjusting one's inputs (Park *et al.* 2010:203). Negative inequity might be resolved by asking for a raise or promotion. It can also be decreased by reducing inputs for example working fewer hours or exerting less effort. It is also important to note that equity can be restored by altering ones equity ratios behaviourally or cognitively (Robbins & Judge 2011:172). A cognitive strategy entails psychologically distorting perceptions of one's own or one's comparison of a person's outcomes and inputs.

## **3.3 THEORETICAL REVIEW OF EMPLOYEE PERCEPTION OF EQUITY**

Theories that are related to employee perception of equity are the equity and justice judgement theories. It is important to note that the justice judgement theory (JJT) was developed from the equity theory.

### **3.3.1 Equity theory**

According to Gregory and Albritton (2010:640), equity theory originated from the discipline of psychology. It is based on cognitive dissonance theory, which was developed by Festinger in the 1950s (Kinicki & Kreitner 2008:175). Equity theory is a model of motivation that explains how people strive for fairness and justice in social exchanges or give-and-take relationships. Researchers have demonstrated that people attempt to get even for perceived injustices by using either direct responses such as theft, sabotage, violence or absenteeism or indirect responses such as being less cooperative, displaying less organisational citizenship behaviour and go slows (Colquitt *et al.* 2001:430; Ang, Van Dyke & Begley 2003:561; Almar 2005:15; Park *et al.* 2010:204). Adams (1963:422; 1965:267) pioneered the application of the equity principle to the workplace. Adams (1963:422; 1965:267) established that the relationship of individual-organisation exchange is pivotal in the formation of employees' perceptions of equity and inequity because workers will be expecting the organisation to be fair and reciprocate by working extra hard.

Adams (1963:423) points out that two primary components are involved in the employee-employer exchange relationships, namely inputs and outputs. An employee's inputs for which he or she expects a just return include education or training skills, creativity, seniority, age,

personality traits, effort expended and personal appearance (Ang *et al.* 2003:570). On the outcome side of the exchange, the organisation provides rewards such as pay or bonuses, fringe benefits, challenging assignments, job security, promotions, status symbols, recognition and participative decision making in important matters (Cohen-Charash & Spector 2001:280; Cropanzano & Mitchell 2005:888; N'Goalar 2007:524). However, employees who perceive that they are either undercompensated or overcompensated will experience inequity tension. This tension will motivate employees to do one or more of the following to reduce this: alter their personal inputs and/or outcomes, change comparison with others' inputs and/or outcomes, use cognitive distortion to change the inputs and/or outcomes, or leave the field (Kanopaske & Werner 2002:408).

Equity theory theorised that some people become very upset over the slightest inequity, whereas others are not bothered at all. Research has shown that people respond differently to the same level of inequity due to individual differences called equity sensitivity (Kinicki & Kreitner, 2008:176; Steinbeis & Singer 2013:10). Equity sensitivity is an individual's tolerance for positive and negative equity (Robbins & Judge 2011:116). Equity sensitivity spans a continuum ranging from benevolent to sensitivity to entitled. Benevolents are people who have a higher tolerance for positive inequity. They prefer their outcome or input ratio to be lower than ratios from comparison with others. In contrast, equity sensitives are described as individuals who adhere to a strict norm of reciprocity and are quickly motivated to resolve both negative and positive inequity. Finally entitles have no tolerance for negative inequity. They actually expect to obtain greater output or input ratios when compared with others and become upset and angry when this is not the case (Adams 1963:425; Steinbeis & Singer 2013:8).

When relating equity theory to this study it is assumed that the employees in Zimbabwe's SME industry may feel distress for example, they anticipate the ratio between effort used up and rewards obtained at work to be more inequitable than the average contribution of others. As a result of this perception of inequity, the workers are likely to behave in a way to avoid this distress by reducing their commitment to the employer or vice versa.

### **3.3.2        Justice judgement theory**

Researchers have expanded the role of the equity theory in explaining employee attitudes and behaviour in the late 1970s (Robbins & Judge 2011:82). Many studies in organisational justice attest that justice judgment theory assumes that an individual's perception of fairness is based

on justice rules (Colquitt *et al.* 2001:426). “Justice rule is defined as an individual’s belief that a distribution of outcome, or procedure for distribution of outcomes, is fair and appropriate when it satisfies certain criteria” (Chinomona & Moloi 2014:303). This will in turn lead to the identification of three different components of organisational justice, which are distributive, procedural and interactional justice. Distributive justice reflects the perceived fairness of how resources and rewards are distributed or allocated for example, discounts, coupons and free meals (Kinicki & Kreitner 2008:178). On the other hand, procedural justice is defined as the perceived fairness of the process and procedures used to make the decisions (Van Dijke *et al.* 2012:235). Kwon and Jang (2012:1236) defined procedural justice as the perceived fairness of policies, procedures and criteria used by a company to arrive at a recovery effort for example, waiting time, responsiveness, and flexibility of procedure. Research affirms that positive perceptions of distributive and procedural justice are enhanced by giving employees a voice in decisions that affect them (Kinicki & Kreitner 2008:179). Voice represents the extent to which employees who are affected by a decision can present relevant information about a decision to others. Voice is analogous to asking employees for their input into the decision-making process. The last justice component is interactional justice. Kwon and Jang (2012:1237) stated that it relates to the quality of the interpersonal treatment people receive when procedures are implemented. Almar (2005:20) and De Cremer *et al.* (2010:1122) defined interactional justice as the perceived fairness of the manner in which consumers are treated during the process of recovery efforts for example politeness, apology or explanation. This form of justice does not pertain to the outcomes or procedures associated with decision making, but rather it focuses on whether or not people believe they are treated fairly when decisions are implemented. Fair interpersonal treatment necessitates that managers communicate truthfully and treat people with courtesy and respect.

The definitions presuppose “two categories of justice rules, namely distribution rules and procedural rules” (Chinomona & Moloi 2014:303). A distribution rule is defined as an individual’s belief that it is fair and appropriate when rewards, punishments, or resources are distributed in accordance with certain criteria (Colquitt *et al.* 2001:425). A precise standard might require the matching of rewards to contributions, or matching rewards to needs or apportioning rewards equally. Thus, a contributions rule, needs rule, and equality rule are among the major distributive rules that can influence an individual’s perception of distributive fairness (Greenberg 1986:340; 1990:399).

Procedural rule is defined as an individual's belief that allocative procedures, which fulfil certain criteria that are fair and appropriate (Greenberg 1990:399). Each group, organisation or society has procedures that standardise the distribution of rewards and resources. A system of regulatory procedures guides the allocative process. The notion of procedural fairness refers to an individual's perception of the fairness of procedural component of the social system that regulates the allocative process (Park *et al.* 2010:202). An individual uses justice rules to weigh the fairness of allocative procedures. Thus, in this case, justice rule is viewed as a belief that allocative procedures are unbiased when they satisfy certain criteria. However, six procedural justice rules are postulated that define criteria, which allocative procedures must satisfy to be perceived as fair. These are the consistency rule, bias-suppression rule, accuracy rule, correctability rule, representativeness rule and ethicality rule (Leventhal 1976:142). An individual's judgments of procedural fairness may be based on a consistency rule, which dictates that allocative procedure should be consistent across persons and over time at work place. Lack of consistency in procedure may lead an individual to believe that procedural fairness is being violated (Van Dijle *et al.* 2012:235). When applied across persons, the consistency rule dictates that it is necessary to apply similar procedures to all potential recipients of reward and give special advantage to none. In this form, the rule is related closely to the notion of equality of opportunity (Nicklin *et al.* 2011:127). An individual judgment of procedural fairness may be based on bias-suppression rule, which dictates that personal self-interest and blind allegiance to narrow preconceptions should be prevented at all points in the allocative process (Leventhal 1976:143). An individual is likely to believe that procedural fairness is violated when there is unrestrained self interest or devotion to doctrinaire views, for instance, self political dogmas applied at the work place (Vigoda 2000:326). An individual's judgments of procedural fairness may be based on an accuracy rule, which dictates that it is necessary to base the allocative process on as much good information and informed opinion as possible.

Information and opinion must be gathered and then proceeded with minimum of error. The correctability rule dictates that opportunities must exist to modify and reverse decisions made in error at various points in the allocative process (Nicklin *et al.* 2011:128). Consequently, the perceived level of fairness will be increased by the presence of an appeal procedure for grievances that allow for review and modification of decisions at various stages of the allocative process. A perceiver will attribute greater fairness to organisational work places that provide legitimate avenues for challenging decisions. An individual's judgments of procedural

fairness may be based on a representativeness rule, which dictates that all cases of the allocative procedure must reflect the basic concern, values, outlook of important subgroups in the population of individuals affected by the allocative process. The representativeness rule has obvious relevance for the elevation of agents who decide the distribution of rewards (Leventhal 1976:143). An individual's judgment of procedural fairness may be based on an ethicality rule, which dictates that an allocative procedure must be compatible with the fundamental moral and ethical values accepted by that individual. Perceived fairness will be reduced when allocative procedures violate personal standards of ethics and morality. The postulation of ethicality rule is based on the assumption that judgments of fairness and justice are related largely to moral and ethical values and standards (Robbins & Judge 2009: 155). These constructs fit well into this theory because where there is high inequity workers feel unsecure because of high job ambiguity and unfairness. Workers who are very dissatisfied results in low commitment and ultimately results in quitting their jobs. Greenberg (1986:341) specified that over-paid workers would feel "guilty" and that under-paid workers would feel "angry" because of rational reasoning. These negative states were expected to motivate behavioural and/or attitudinal changes on the part of the workers involved that altered, either behaviourally or perceptually their behaviour. Workers prefer to work in a just and fair working environment, which will result in high commitment to the job and last but not least their intention to stay on the job.

Justice judgement theory can be used to understand employee perception of equity, which is consequently posited to affect organisational commitment and employee intention to stay at workplaces in Zimbabwe's SMEs sector.

### **3.3.3 Managerial implications of justice judgement theory and equity theory**

The theories provide managers with an explanation of how beliefs and attitudes affect job performance. An employee is well motivated when there is a right to correct a situation when his/her ideas of fairness and justice are offended. Managers should pay special attention to employees' perceptions of what is fair and equitable, no matter how fair management may think the organisation's policies, procedure and reward system are, each employee's perception of equity of those factors is what counts (Aryee *et al.* 2002:267).

Moreover, research demonstrates that employee's perceptions of distributive, procedural and interactional justice are positively associated with job performance, job satisfaction,

organisational commitment and organisational citizenship behaviours and negatively with intention to quit (Robbins & Judge, 2011:113). Managers are thus encouraged to make hiring and promotion decisions on merit-based, job-related information. Moreover, because justice perceptions are influenced by the extent to which managers explain their decisions, managers are encouraged to explain the rationale behind their decisions.

Managers benefit by allowing employees to participate in making decisions about important work outcomes and having a voice during appraisal reviews. Employees, therefore, should be given room to appeal decisions that affect their welfare. Being able to appeal a decision promotes the belief that management treats employees fairly (Balsam & Miharjo 2007:96).

Employees are more likely to accept and support organisational change when they believe it is implemented fairly and when it produces equitable outcomes. By promoting cooperation and teamwork among group members and by treating them equitably, employees will not be resistant to change (Cardy *et al.* 2007:140). Research reveals that people are just as concerned with fairness in group settings as they are with their own personal interests (Cohen-Charash & Spector 2001:278).

Treating employees inequitably can lead to litigation and costly court settlements. Employees denied justices at work are more likely to file employee grievances, to seek arbitration and ultimately seek relief from the courts. Employee perceptions of justice are strongly influenced by the leadership behaviour exhibited by their managers. It is thus important for managers to consider the justice- related implications for the decisions, actions and public communications.

Managers should pay attention to an organisation's climate for justice. For example, an organisation's climate for justice was found to influence employees' organisational citizenship behaviour significantly. Researchers also believe that a climate of justice can significantly influence the type of customer service provided by employees. In turn, this level of service is likely to influence customers' perceptions of "fair service" and their subsequent loyalty and satisfaction (Cater & Zabkar 2009:786; De Cremer *et al.* 2010:1121).

### **3.4 ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

Scholarly concerns regarding OCBs have increased dramatically over the past two decades and OCB has rapidly become one of the most extensively studied topics in applied psychology and organisational behaviour (Podsakoff, MacKenzie, Paine & Bachrach 2000:513; Podaskoff,

Whiting, Podaskoff & Blume 2009:123). Interest in OCB can be traced back to Barnard (1938:2), who firstly pointed out the magnitude of cooperative efforts in organisational operation. Later in 1983, Organ and his colleagues coined the term organisational citizenship behaviour (OCB) (Bateman & Organ 1983:587; Smith, Organ & Near 1983:653), thereby triggering OCB studies to expand to various domains of management such as marketing, human resource management, strategic management, and the like (Podsakoff *et al.* 2000:514).

Kinicki and Kreitner (2008:165) defined OCB as behaviours consisting of employee behaviours that are beyond the call of duty. Examples include gestures as constructive statements about the department or organisation, expression of personal interest in the work of others, suggestions for improvement, care for organisational property, training new people, punctuality and attendance well beyond standards or enforceable levels. OCB positively correlates with customer satisfaction, organisational commitment and performance ratings (Bateman & Organ 1983:587). There is a broader impact of OCBs on organisational effectiveness (Bolino & Turnley 2005:740). It is important to note that when employees are being treated fairly at work they are more willing to engage in OCB and managers are encouraged to make and implement employee-related decisions in an equitable fashion (Chiang & Hsieh 2011:181).

Robbins and Judge (2011:60) defined OCB as “discretionary behaviour that is not part of an employee’s formal job requirements but that nevertheless promotes the effective functioning of the organisation”. Successful organisations need employees who will do more than their usual job duties, who will provide performance beyond expectations. Employees who engage in “good citizenship” behaviours help others on their team, volunteer for extra work, avoid unnecessary conflicts, respect the spirit as well as the letter of rules and regulations and gracefully tolerate occasional work (Cho & Johanson 2008:307). Organisations want and need employees who will do things that are not in any job description. Evidence indicates that organisations that have such employees outperform those that do not have (Greenberg 2009:181; Jain & Cooper 2012:155; Jung & Yoon 2012:369). Managers need to reduce absenteeism, turnover and deviant workplace behaviour and increase organisational citizenship behaviours and job satisfaction. Employees will feel wanted and part and parcel of the organisation and will opt for staying on the job.

In this study, OCB refers to SME employees’ willingness to remain with the enterprise, their actions surpass their job description and their proactive behaviour goes beyond job

responsibilities (Chiang & Hsein 2012:180; Yildirim, Uzum & Yildirim 2012:2146; Bolino, Harvey & Bachrach 2012:126; Yen & Teng 2012:1; Mamman, Kamoche & Bakuwa 2012:285; Wei, Qu & Ma 2012:1244). Thus, SME employees' citizenship behaviour refers to that behavioural motivation that goes beyond the normal call of duty through cooperation among colleagues, self-improvement, and creating a positive organisational image (Cho & Johanson 2008:308). The extant organisational behaviour literature indicates that such innovative and spontaneous behaviour by employees can contribute greatly to the cooperation and performance of an organisation (Stamper & Van Dyne 2003:33). OCB has been conceptualised as a multi-dimensional construct (Yoon & Sur 2003:597; Ravichandran & Gilmore 2007:19; Yildirim *et al.* 2012:2147). These dimensions are discussed in the following section.

### **3.5 DIMENSIONS OF ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

Different dimensions are used to measure and evaluate OCB. Chiang and Hsieh (2012:374) used five dimensions to evaluate OCB which are altruism, conscientiousness, sportsmanship, courtesy and civic virtue. William and Anderson (1991:600) on the other hand categorise OCB into two dimensions, which are OCB of individuals and OCB toward organisations. Podaskoff, Ahearne and MacKenzie (1997:262) proposed three dimensions of OCB, which are helping behaviour, sportsmanship and civic virtue. Van Dyne and LePine (1998:108) categorised OCB into two dimensions, which are helping behaviour and voice behaviour. However, Podaskoff *et al.* (2009:122) pointed out that although researchers use different evaluative dimensions, the most common measurement method are the five dimensions, which were first proposed by Organ (1988:3 & 1990:43). These dimensions are altruism, conscientiousness, sportsmanship, courtesy and civic virtue and each of these have manifest variables or items to represent them.

#### **3.5.1 Altruism**

Altruism (thinking of others, selflessness and helpfulness) is a discretionary behavior that helps other persons with respect to organisationally relevant tasks or problems, for instance, voluntarily helping less skilled or new employees with any problems or difficulty they encounter, coaching and responsible for induction programmes for new staff voluntarily (Organ 1990:43; Chiang & Hsieh 2012:181; Yildirim *et al.* 2012:2147). These behaviours are displayed by people who listen to the problems of others, help and think of other people more

than other workers in the organisation do. These behaviours are complementary and discretionary (Unal 2003:14).

### **3.5.2 Conscientiousness**

Conscientiousness is a discretionary behaviour that employees carry out well beyond the minimum required level, for example, working long days and voluntarily doing things besides duties (Yoon & Sur 2003:598). It also includes coming to the workplace earlier and leaving the workplace later, efficient use of time and punctuality. The most marked difference between altruism and conscientiousness is that in altruism, individuals display behaviour to help a person whereas in conscientiousness individuals do not display behaviours directly affecting a given person but the ones, which will be useful for the organisation in general. Hard work beyond minimum requirements is required for efficiency and effectiveness (Yildirim *et al.* 2012:2145).

### **3.5.3 Courtesy**

Courtesy mainly concerns behaviours of workers to determine in advance the issues likely to create problems for other workmates, to propose solutions, to help them or to prevent preemptively such problems from occurring (Chiang & Hsieh 2012:181). Courtesy means positive communication among individuals who are tied to one another by the division of labour. They remind and inform other co-workers in advance about any progress or problems within and outside the organisation. They always try to make sure that the information is valid and reliable all the time before delivering it to other co-workers (Walz & Niehoff 2000:302; Chiang & Hsieh 2012:181).

### **3.5.4 Civic virtue**

Civic virtue reflects behaviours in which an employee responsibly engages, that show concern for the organisation and employee initiative in recommending how the organisation can improve its operations (Koys 2001:102). Civic virtue (organisational virtue) incorporates supporting the development of the organisation, learning about and exerting efforts to improve oneself about recent developments, business methods and company policies (Yildirim *et al.* 2012:2147). It is important to note that civic virtue also includes remaining attentive and proactive when participating in organisational activities (Chiang & Hsieh 2012:181).

### **3.5.5 Sportsmanship**

Sportsmanship consists of actions that involve employees refrain from complaining about or filing trivial grievances to management. It is about obeying organisational regulations and tolerating imperfect situations without complaint (Rioux & Penner 2001:1306; Rubin, Bommer & Bachrach 2010:400; Rego, Ribeiro, Cunha & Jesuino 2011:524). Workers try to avoid any behaviour likely to create tension within the organisation. It is regarded as tolerance not to appeal a complaint about an adverse event or several adverse events. Behaviours of tolerant people who do not aggrandise business-related adversities and who have hardly any complaint in an organisation, fall in this dimension (Yildirim *et al.* 2012:2147). However, despite the noted dimensions of OCB, the current study will conceptualise it as a composite construct following the recent works of Jung & Yoon (2012:369). Jung and Yoon (2012:369) did not deal with OCB as a multidimensional construct but as a composite construct.

### **3.5.6 Negative side of organisational citizenship behaviours**

Although prior research has argued a great deal about the antecedents and consequences of OCB, the focus on the positive aspects of citizenship has left a number of potentially important research questions unexplored, especially those dealing with the potential downside of OCB (Bolino, Turnley & Bloodgood 2002:506; Bolino, Turnley & Niehoff 2004:300; Witt 2008:667; Bolino, Turnley, Gilstrap & Suazo 2010:835; Bolino, Valcea & Harvey 2010:325). Despite its value, OCB is not always undertaken or appreciated by others as a genuine act of goodwill (Spector & Fox 2002:269; Spector & Fox 2005:151; Kim *et al.* 2010:533; Spector & Fox 2010:133). Impression management researchers have argued that OCB can be driven either by other-serving organisational concerns and pro-social motives, or by self-serving motives to create and maintain a positive image (Mamman *et al.* 2012:285). Organisational politics researchers have argued that an act of OCB can be interpreted by leaders and co-workers either as a positive other-serving act driven by a sincere desire to contribute or as a negative self-serving attempt at ingratiation (Ferris *et al.* 2002:200; Rosen *et al.* 2009:205). Subsequent research has supported these arguments by showing that OCB can be driven by and attributed to either other-serving (organisational concern and pro-social) motives or self-serving (impression management) motives (Deckop, Cirka & Anderson 2003:101). However, little research has investigated the conditions under which different sources may make positive versus negative attributions of OCB. Podaskoff, Mackenzie and Hui (1993:20) acknowledged that some employees might engage in citizenship behaviours to make themselves look good.

Previous studies have implied that it is plausible that citizenship behaviours could have negative implications for employees. Organ and Ryan (1995:775) indicated that individuals who engage in high levels of OCB might feel overloaded. Likewise, Podsakoff *et al.* (1993:2) argued that in certain cases the recognition of OCBs by managers could leave employees dissatisfied with the performance appraisal process. OCBs, therefore, might stem from self-serving motives, may negatively affect organisational functioning and could have negative implications for employees. However, while these issues have been mentioned in the past, they have received very little attention by researchers (Bolino *et al.* 2004:233).

Bateman and Organ (1983:587), Bolino (1999:83), Bolino and Turnley (2005:741) and Bolino *et al.* (2010:835), describe individuals who engage in OCBs as “good soldiers”. This metaphor evokes the image of dutiful, compliant, loyal employees who go the extra mile out of commitment to and concern for their organisations. Social psychologists define prosocial behaviour as voluntary behaviour that is intended to benefit others (Eisenberger, Lynch, Aselage & Rohdieck 2004:789). Early research maintained that OCB was analogous to prosocial behaviour on the grounds that both behaviours are discretionary and expressly directed toward the benefit of others, that is either individuals or organisations (Eisenberger, Huntington, Hutchinson & Sowa 1986:500; Organ 1988:3; Eisenberger, Fasolo & Davis-Lamastro 1990:51). There is an overlap between citizenship and impression-management behaviours (Rioux & Penner 2001:5). Some consider helping one’s supervisor and arriving at work early to be impression-management behaviours while others describe these as OCBs.

Employees recognise and expect that OCBs will be rewarded and a plausible motivation for engaging in such behaviours is to receive higher performance ratings and outcomes such as promotions and pay rises. Indeed, in a recent quasi-experiment Kacmar, Bachrach, Harris and Noble (2012:43) found that employees who saw OCBs as instrumental in their advancement were more likely to engage in OCBs before a promotion decision. After they had received their promotions though, employees who viewed OCBs as instrumental were more likely to decrease their OCBs than were other employees. In addition, employees may make decisions about which types of citizenship behaviours are associated with the greatest rewards and engage in such behaviours although there has been little theoretical or empirical work addressing such issues (Bolino *et al.* 2004:236).

Individuals often engage in prosocial behaviours following transgressions to reduce guilt or negative effects, promote a positive self image or restore belief in a justly world (Kim, O’Neill

& Cho 2010:530). Logically then, employees may engage in certain OCBs because they have actually wronged their organisation and are seeking to make amends for their transgressions. For example, an employee may stay late to finish a project not because he or she is highly committed or especially conscientiousness but instead because he or she feels guilty after taking a two-hour lunch break or after spending several hours surfing the internet. Although research has not formally examined the link between transgressions and OCBs, anecdotal evidence suggests that individuals often engage in OCBs after they have engaged in personal activities during work hours (Shellenbarger 2002:3, Song 2008:675). Thus, the transgression motivation suggests that some OCBs may actually follow organisationally dysfunctional actions that are acts of anti-citizenship (Bolino *et al.* 2004:235).

Researchers have found that individuals sometimes help others in an effort to harm the image of the other person (Snell & Wong 2007:883; Thatcher & Greer 2008:7). Specifically, studies on over-helping indicate that some people may help others in an effort to spoil those individuals' reputation (while appearing to do them a favour). For example, if an employee gives a coworker a great deal of assistance, the coworker receiving such aid may come to be viewed as less competent by other individuals in the organisation (Turnley, Bolino, Lester & Bloodgood 2003:187). Similarly, employees may volunteer for additional assignments or put in long hours in an attempt to make their colleagues look bad. Thus, in some cases employees might actually engage in OCBs so that their coworkers will be viewed less favourably.

Several other potential motives for performing OCBs have been under-investigated as well (Bolino *et al.* 2004:835). For example, individuals may engage in OCBs because they are disinterested in, or dissatisfied with their role responsibilities. Thus, an employee may volunteer to help on a committee to get away from his or her regularly assigned duties. In addition, employees might engage in OCBs because of a dissatisfying personal life. Indeed, the research of Hochschild (1997:4) suggests that some employees actually spend extra time at work to avoid their lives back home. Employees with few social opportunities or those experiencing marital difficulties work long hours or take on extra responsibilities not because of anything the organisation has done but because it seems better than their other alternatives such as loneliness or conflict (Jap & Ganesan 2000:227).

Although OCB is defined as behaviour that is in some way voluntary, there can be strong situations in which OCB-eliciting demands may occur. Some behaviours that go beyond assigned tasks and thus might be considered OCB are not based on genuine good will but rather occur

in response to external pressures from situations or by “significant and powerful others” in the workplace (Vigoda 2000:326; Vigoda 2001:1483; Vigoda-Gadot, Vinariski-Peretz & Ben-Zion 2003:764; Bolino *et al.* 2004:300; Vigoda-Gadot 2006:78; Vigoda-Gadot 2007:377). Furthermore, demands are not always direct and explicit. An individual might volunteer without being asked to stay late or take on extra tasks because he or she sees doing so as necessary in order to perform the job well or appear to be performing the job well to supervisors (Spector, Fox, Goh & Bruursema 2003:4; Spector & Fox 2005:153; Spector & Fox 2010: 134).

OCBs are often explained by good intentions or desirable situational factors; however, it is important to note that citizenship may also be a function of self-serving motives. Ideas of OCBs that might result from self-serving motives have received little attention from organisational researchers. Instead, the goal is to suggest that the scope of OCB research could be broadened to include the investigation of more self-serving motives as well.

### **3.6 ANTECEDENTS OF ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

OCB is motivated by the premise that an employee believes that he or she is being treated fairly and OCB is induced through social exchange, reciprocity and equity (Van Dijke *et al.* 2012:235). Therefore, OCB may be used as a strong employees’ currency of reciprocity (Jain & Cooper 2012:155). Perceived organisational support (POS) is considered as a strong antecedent of OCB (Rioux & Penner 2001:1307) although Moorman (1991:845) believes that POS is a mediating variable. Other antecedents of OCB include trust, leadership style, job satisfaction, trust, culture and level of economic development. In addition researchers have also explored personality, attitudes, moods and task characteristics and demographic variables as antecedents of OCB (Nadiri & Tanova 2010: 33; Ng & Feldman 2011:528; Wei, Qu & Ma 2012:1245).

#### **3.6.1 Trust**

Yoon and Suh (2003:600) and Yoon and Lawler (2005:25) suggested that OCB is based on trust. Trust is a fundamental ingredient, lubricant and an unavoidable dimension of social interaction (Ke & Wei 2008:223). It has received a great deal of attention from scholars in disciplines of social psychology, sociology, economics, management, marketing and information systems (Jarvenpaa, Shaw & Staples 2004:251). Despite the unique insights

offered by these disciplines, the received wisdom is that trust, the first major component of relationship capital, is based on beliefs about how an alliance partner will behave in the relationship (Deckop, Cirka & Anderson 2003: 101; Johnson & Cullen 2002: 19).

Trust has been conceptualised as a belief or confidence in another's reliability, integrity, credibility, honesty, truthful benevolence, faith that another will meet obligations and the expectation that another will act in accordance with an individual's beliefs (Schumacher 2006:259; N'Goal 2007:510). Essentially, trust is confidence in another's goodwill and integrity as well as the belief in another's ability and credibility, and is associated with such qualities as being honest, faithful and truthful (Lohtia, Bello & Porter 2009:240).

Furthermore, trust has been widely recognised and reported as a main condition of exchange in the social exchange literature. According to Blau (1964:10), social exchange tends to engender feelings of personal obligation, gratitude, and trust. Social exchange is embedded in trust and trust is essential for stable social relations. It is regarded as a critical factor underpinning social exchanges in that the act of initiating social exchange relationships requires the originator to trust that the recipient will respond in kind (Aryee, Budhwar & Chen 2002:267). Trust underpins dyadic relationships, where a certain degree of vulnerability or discretionary effort is encountered. It is important to note that large-scale exchange is not likely to occur unless social bonds rooted in trust have been established. In relationship literature, trust is one of the most widely examined and accepted relational dimensions. It is postulated as the main control mechanism for network governance and the cornerstone of the strategic partnership (Elg 2002:634). Schumacher (2006:261) suggests that well-performing relationships can be differentiated from low-performers based on trust. Trust levels are a good predictor of a successful alliance relationship. When the parties have trust in one another, there will be ways by which the two parties can work out difficulties (Gilmore, Carson & Cummins 1999:27; Johnson & Cullen 2002:10).

In organisational behaviour literature, trust is regarded as a key ingredient for the development of long-term business and has been recognised as a highly significant tool for enhancing inter-firm relationships (Kacmar *et al.* 2012:45; Mamman *et al.* 2012:285). Trust is developed by the continuous exchange of information between partners, which helps to reduce anxiety and uncertainty. In this way, trust can help influence the future working relations and reduce the likelihood that the other party will act opportunistically (Kacmar *et al.* 2012:43). Furthermore, trust reduces transaction costs since there is not such a need to set up control mechanisms

within the relationship (Jap & Ganesan 2000:227). As a consequence of this, these lower costs make it more likely that the relationship will continue in the future and, therefore, channel cooperation and OCB will become greater (Mamman *et al.* 2012:300). In the current study context, it is anticipated that the more the SME employees and employers trust each other, the higher its perceived value of the relationship and consequently higher OCB.

### **3.6.2        Culture**

Different cultures impact differently on OCB due to differences in values, norms and beliefs. Based on Hofstede's (1980:2) research, the dominant cultural pattern in Western countries is individualism, whereas in Asian countries such as Taiwan it is collectivism. In Zimbabwe and most African countries, the emphasis is on collectivism (*ubuntu*) more or less like in Taiwan. Taiwan holds distinct cultural values that reflect the Confucian ethics. Confucianism places high value on total loyalty to a hierarchical structure of authority with a defined conduct between subordinates and managers and trust among friends (Lee & Liu 2007:122). Individuals with an adherence to Confucianism believe that social harmony and common interests are more important than individual interests and enjoyment. In addition, people are more socio-centric and have an interdependent view of the self. Guanxi refers to developing interpersonal relationship through formal or informal exchange and progressing mutual trust networks with consensus of benefit and restraint (Lin & Ho 2010:285). In business, guanxi generally involves a hierarchical network of interpersonal relationships embedded with mutual obligations to exchange favors or affection (Wong & Tam 2000:57). Lin and Ho (2010:285) identified three components of guanxi behaviour, which is seeking assistance from family, maintaining friendship by providing help to friends and doing favours for associates. Family firms constitute about 50 percent of SMEs in Zimbabwe (Gono 2009:12). In Zimbabwe, the family firms are involved in businesses such as clothing and textile, food processing, furniture making, metal products manufacturing, art, rubber, construction and so on. In Zimbabwean SMEs, because of the culture, which emphasises *ubuntu* or collectivism most of them are surviving because of family connections, which will lead to OCBs (Gono 2009:15). Several prior studies have been done on family business connections in different countries and varying results have been found. For example, Kotey (2003:4) found that in Australia two-thirds of SMEs are family firms and are common in industries such as printing, publishing and construction and to a lesser extent in cultural and recreational services and the textile, clothing and footwear industries. The author argues that Australian firms are smaller than their non-family counterparts are.

Another study by Cullen and Elmore (2005:2) found that family owned firms make up 90 percent of the indigenous business sector in Ireland and provide 50 percent of employment.

There is no generally accepted definition of a family business connection due to a lack of conceptual clarity (Birdthistle 2006:551). For instance, Kotey (2003:5) defined the family as a social system with a specific purpose to take care of family members' needs. He explained that family members bond together through complex linkages and ties developed over time, which create a sense of responsibility and loyalty to the family and ultimately high OCBs. This sense of responsibility and loyalty permeates business goals and in some family firms, supersedes profit and revenue goals. Nevertheless, when a third dimension (family goals) is considered, proprietors of family firms will place business longevity and the wellbeing of family members ahead of growth and wealth maximisation as business goals (Dunn 1995:20). According to Kotey (2003:3) and Koys (2001:101) there are four reasons why family members considered their firm as a family firm. These are:

1. Working directors in the firm
2. Employed in the firm
3. Not working but contributed to decisions
4. The firm was acquired from parents.

Churchill and Hatten (1987:51) define a family business as a founder-operated business where there is the anticipation that a younger family member will assume control of the business from an elder member. Handler (1989) defines a family business as a company that still is managed by the founder's family after being successfully perpetuated from one generation to the next and in which majority ownership or control lies within a single family. However, Handler (1989:12) identified four dimensions used by writers in the family business literature to define the family firm, namely:

1. Degree of ownership and management by family members
2. Interdependent sub-systems
3. Generation transfer
4. Multiple conditions

Handler's (1989:11) attempt provides a conceptual clarification of the dimensions involved in defining the family business. For the purpose of this study the following definition of family businesses is being adopted: A family business can be defined as one where the family body has a considerable impact on the ongoing and future operations of the business and can also be considered where any one of the following three criteria are true: a single family owns more than 50 percent of the voting shares and/or a single family group is effectively controlling the business or a significant proportion of the business's senior management is drawn from the same family (Leach 1991:11). The reason for choosing this definition for this study is because it meets the current study purpose and SMEs context in Zimbabwe.

Lin and Ho (2010: 1196) found that people with collectivism inclination (family business SMEs in Zimbabwe) engage in the OCB more positively since group harmony and unity are mainly focused in collectivism. On the contrary, people with individualism are more likely to consider themselves as independent members of a group. Jung and Yoon (2012:369) also state that collectivists performed their group tasks better, contributed more discretionary citizenship and were less likely to engage in deviant behaviours. Therefore, national culture might encourage or inhibit OCBs.

### **3.6.3 Leadership style**

Leadership behaviours such as transformational leadership behaviour, contingent reward behaviour, leader role classification and supportive leader behaviours encourage OCBs, while non-contingent punishment behaviours discourage OCBs at workplaces, which will eventually retard production (Podaskoff *et al.* 2000:514).

Servant leaders have been described as capable of managing the various paradoxes of decisions, which may foster the development of OCB, employee workplace spirituality and ultimately effectiveness and efficiency in job performance (Bachrach, Bendoly & Podaskoff 2001:1285). Servant leadership is an understanding and practice of leadership that places the good of those led over the self-interest of the leader (Rubin, Bommer & Bachrach 2010:400). Bachrach *et al.* (2001:1286) states that a major contributor to both popular and research-based leadership initiatives for more than three decades, stated, "servant-leadership is the foundation for effective leadership". The authors stated, "servant leadership is a deeper and better way to lead, but it is never easy. It sets high standards of being and doing. Building competence in relationships with people, "is the best way to produce personal and organisational potential".

Halbesleben, Bowler, Bolino and Turney (2010:1450) summarised this view of servant leadership by stating, “you don’t just serve, you do it in a way that makes them independent of you, and capable and desirous of serving other people”. Mackenzie *et al.* (2001:115) defines servant leadership as care of the followers, removing injustice and inequalities in the system, and social responsibility in the life of an organisation. This will ultimately lead to workplace spirituality, OCB, efficiency, and effectiveness in the business performance. The business will prosper and boost production because of good servant leadership qualities.

### **3.6.4 Job satisfaction**

In organisational behaviour field studies and human resources practice, there is cumulative acknowledgement of the essential implication of the concept of job satisfaction (Wei *et al.* 2012:1245). For example, Yoon and Suh (2003:597) showed that employees who are satisfied and not disgruntled are more likely to be industrious and provide better services via OCBs. The current study defines employee job satisfaction as a progressive touching state resulting from the evaluation of all aspects of a job by the employee. Such employee job satisfaction can be derived from economic consequences or social collaborations at the workplace (Wei *et al.* 2012:1245). Overall, when the SME administration, service support, rewards and SME procedures are perceived to be fair, the employee will be satisfied. Evidence emerging from previous studies indicates that job satisfaction is the most “robust” antecedent of employee commitment, service quality delivery, OCBs and low employee turnover intention amongst others (Strohbehn 2007:59; Nadiri & Tanova 2010:35). The Social exchange theory (SET) predicts that individuals who perceive that they receive unfavourable treatment are more likely to feel angry, vengeful and dissatisfied. Employees may retaliate against dissatisfied conditions and unjust workplaces by engaging in behaviour that harms the organisation or other employees. Research suggests that dissatisfied employees often resort to deviant behaviours as a way of coping with frustration (Judge, Scott & Ilies 2006:127).

## **3.7 THEORETICAL REVIEW OF ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

Several theories borrowed from other social disciplines such as psychology, sociology and economics have been used in organisational behaviour research. Among these theories one of the most widely used theories in OCB is SET. Various other theories have been developed from this theory such as the relational exchange theory, affect theory, power-dependence

theory, relational cohesion theory and leader member exchange (LMX) theory. In this thesis, SET provides the theoretical ground for LMX theory that is chosen and used because of their strengths and relevance to the current study. Much of the attention on the theoretical grounding is given to SET because of the aforementioned reason.

### **3.7.1 Social Exchange Theory**

This section of the chapter commences by tracing the origins of SET, its development, its current state and then finally its linkage with LMX theory. The oasis of SET is the exchange concept. The vital premise of SET is that, parties involved in exchanges willingly provide benefits, beseeching obligation from the other party to reciprocate and provide some benefit in return (Yoon & Lawler 2005:146). The reciprocated benefits can be in the form of economic rewards or social benefits (Yoon & Suh, 2003:597). Social exchange is defined as “voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others” (Blau 1964:45). The underlying principle of SET demonstrates that reciprocated benefactions create social bonds among exchange actors (Kacmar *et al.* 2012:44). This is because social exchanges shapes up feelings of individual obligation, gratitude, and trust among partners, all of which lay a basis of social solidarity and micro social order even without binding bonds (Thye, Yoon & Lawler 2002: 89; Yoon & Suh 2003: 600).

The underlying principle of SET demonstrates that reciprocated benefactions create resource power interdependences, social bonds and relational cohesion among exchange actors that foster cooperation, trust, satisfaction, commitment and ultimately high OCBs. To this extent, SET is found befitting the current study context.

### **3.7.2 The development of Social Exchange Theory**

An investigation of the existing literature indicates that SET originated in the 1950s and has developed through the cumulative contributions of sociologists. The word social exchange is generally applied to interactions in which giving and receiving material or intangible resources is at least partially predicted on the anticipations of return or reciprocity (Blau 1964: 20; Homans 1958:597). The representative scholars developing the schools of the theory include Homans (1958:597): exchange behaviorism; Blau (1964:1; 1994:6): exchange structuralism; Thibaut and Kelley (1959:2): exchange outcome matrix; and Emerson (1972:58): exchange network. They have made substantial influences to the development of the theory by

developing conceptions in their attempts to provide explanatory frameworks that encompass both human behaviour and institutional persistence and change. Notwithstanding this, and in line with SET, resource power dependency theory and relational cohesion theory, this study will particularly focus its discussion on exchange behaviorism and exchange structuralism, which is found to be more relevant to the conceptualisation of the current study research models, OCB in particular.

SET clarifies the exchange relations between two actors, who exchange resources with one another (Rubin *et al.* 2010:400). It serves a prominent role in explaining exchange (Luo 2002:903). Actors in exchange are motivated to seek self-interest, increase rewards and decrease costs. The expected outcomes of exchange interactions can be economic or social rewards. Exchange may involve both social and economic outcomes. These results are compared to other exchange alternatives. Constructive outcomes increase trust, cooperation, satisfaction and commitment and over time, develop norms that govern the relationship and OCBs (Zellars, Tepper & Duffy 2002:1086; Flynn 2003:539; Zellars & Tepper 2003:395; Flynn 2005:737). Rubin *et al.* (2010:401) contend that an individual's intention to continue and make commitment to a relationship depends on his/her satisfaction and comparison level of options. However, the exchange party evaluates the social and economic outcomes (rewards obtained and costs incurred) from a given exchange association in comparison with expectations based on present and past experience with related relationships. The social rewards include social acceptance and approval, respect, emotional rapport, satisfaction and gratification (Cropanzano & Mitchell 2005:874).

The underlying principle of SET validates that reciprocated benefactions generate social bonds among exchange actors and lead to greater OCBs (Kacmar *et al.* 2012:44; Yen & Teng 2012:3). Given the ambiguity inherent in social exchange, exchange partners may face information shortage. Blau (1964:41) and Molm (2000:1396) proposed that the inherent uncertainty in exchanges is critical for the development of trust and commitment. They specified that trust could reduce uncertainty and risk in exchange relationships. Since as an exchange partner repetitively exchanges with another, his act becomes more dependable and his behaviour is more anticipated.

### **3.7.3 Exchange Behaviourism**

Researchers have written to date on exchange behaviourism, but the origins of this school of thought can be traced back to Homans (1958:6). The propositions made by Homans (1958:9) about interpersonal behaviour suggest that interaction is a process in which two participants carry out activities directed toward one another and exchange valuable resources. They will continue to interact with each other only if they perceive that the exchange relationship is an attractive alternative (Lee 2005:656; Lee, Lee, Lee & Park 2005:159). Alternatively, they might find it more valuable to interact with others who can provide what they need, be it goods or affection. Hence, when two interacting persons face various contingencies, they may have to modify their resources to match each other's needs. In an exchange relationship between two parties, they can be expected to make adaptations to the needs of the counterpart. Exchange and adaptation, at least in a dynamic setting, are closely related processes (Dirks & Ferrin 2002:611).

Regarding the dynamics of the influence process, Homans (1958:6) refers to the studies by Festinger, Schachter and Back (1950:73) and Schachter, Ellertson, McBride and Gregory (1951:229) and points out two valuable variables, which mediates social exchange behaviour, namely cohesiveness (anything that attracts people to take part in a group) and communication (the frequency of interaction). Festinger *et al.* (1950:74) hold that the more cohesive a group is, the greater the average frequency of interaction of the members. Schachter *et al.* (1951:300) propose that the more cohesive a group, the greater the change that members can produce in the direction of rendering these activities more valuable. In the hope that the relationship is continuous and productive, communication or cooperation rewards the process by improving understanding as well as resolving disagreement and conflicts. Social exchange processes, according to Homans (1958:597), tend to work out at equilibrium in the exchange.

### **3.7.4 Exchange Structuralism**

Unlike Homans' (1958:600) who pays more attention to exchange behaviourism, Blau (1964:23) focuses on exchange structuralism, which includes processes such as group formation, cohesion, social integration, opposition, conflict, and dissolution in terms of principles of social exchange. In this view, various forms of social association generated by exchange processes over time come to constitute quite complex social structures and substructures. The coordination of action in large collectivities is made possible by common

values in the social system, which mediates the necessary indirect exchanges. Value consensus and norms provide this mediating mechanism. Commonly agreed values and norms serve as media of social life and as mediating links for social transactions. They make indirect social exchange possible and govern the processes of social integration and differentiation in complex social structures as well as the development of social organisation and re-organisation in them (Kacmar *et al.* 2012:43).

Trust and commitment are two important constructs in Blau's theory. Blau (1964:22) holds that the basic and most crucial distinction between social exchange and strictly economic exchange is that social exchange entails unspecified obligations. The fulfillment of the obligations depends on trust because it cannot be enforced in the absence of a binding contract. Thus, trust is essential for stable relations and exchange obligations promote trust. On the other hand, since social exchange requires trusting others to reciprocate, they can demonstrate their trustworthiness by committing themselves to the exchange relationship; that is, the establishment of exchange relations involves making investments that constitute commitments to the other party. As individuals regularly release their obligations, they prove themselves trustworthy of further credit. Moreover, the investments an individual has made by fostering a friendly relation with another commits him/her to the relationship. Though commitments themselves constitute opportunity costs, these alternative opportunities forego strength commitments and together with the investments, which have been made produce firm attachments. Commitment to a relationship is also believed to result in mutual cooperation and advantages. According to Blau (1964:19), the mutual advantages from the cooperative associations fortify their social bonds. This also implies that mutual satisfaction fortifies social bonds and exchange continuity. With channel relationships for example, any long-term relationship will virtually require channel partners to fulfill obligations. In turn, these obligations promote trust and commitment to their social relations (Bachrach, Bendoly & Podaskoff 2001:1285). Failure to prove oneself trustworthy and comply with the commitments would likely terminate the relationship. In contrast, building up trust and fulfilling commitment as an expectation in a business relationship are posited to drive relationship satisfaction.

Another important construct recognised by Blau (1964:22) is social cohesion. Integrative bonds of social cohesion strengthen the group in the pursuit of common goals. Group cohesion promotes the development of consensus on normative standards and the effective enforcement

of these shared norms (Bachrach *et al.* 2001:1286). Cohesion increases social control and cooperation.

### **3.7.5 Assumptions of Social Exchange Theory**

SET assumes that the exchange of benefits, notably giving others something more valuable to them than to the giver, and vice versa (Homans 1961:61-63), as the underlying basis or open secret of human behaviour (Homans 1961:317) and phenomenon permeating all social life (Coleman & Borman 2000:25). Not only is the market permeated by exchange but also the non-economic realm that is the social relations situated between extremes of intimacy, self-interest or cost-benefit calculation and disinterested, expressive behaviour (Blau 1964:88-91). Social exchange is composed of actions of purposive actors that presuppose constellations of their interests and resources. The complex interdependent exchange processes constitutes the market functioning within a definite social and institutional structure, although admittedly the latter has not been examined systematically within rational choice theory. Since these processes are assumed to be governed by reciprocal relations, exchange is defined as social interaction characterised by reciprocal stimuli, who would not continue in the long-run if reciprocity were violated. The concept of exchange ratio or balance-imbalance, leading to the concepts of power, dependence and cohesion, is implied in the attribute of reciprocal reinforcements (Emerson 1981:30). In consequence, exchange theory examines the processes establishing and sustaining reciprocity in social relations or the mutual gratifications between individuals. The basic assumption of exchange theory is that individuals establish and continue social relations on the basis of their expectations that such relations will be mutually advantageous. The initial impetus for social interaction is provided by the exchange of benefits, intrinsic and extrinsic, independently of normative obligations (Blau 1964:152).

### **3.7.6 The other side of Social Exchange Theory**

In this study social exchange is defined as “voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others” Blau (1964: 91). A social exchange perspective assumes that involved parties voluntarily provide benefits, invoking obligation from the other party to reciprocate, providing some benefit in return. Since social exchanges are voluntary and often not contracted, they operate under uncertainty. There is no guarantee that benefits will be reciprocated or that reciprocation will result in receipt of future benefits (Yen & Teng 2012:5). Furthermore, since successful and developing social

exchange rests on an ongoing reciprocal process in which actions are contingent on rewarding reactions from others (Blau 1964: 6), SET assumes that trust is an integral part of any social exchange. However, trust itself is also assumed to be created by the ongoing social exchange process: “processes of social exchange, which may originate in pure self interest, generate trust in social relations through their ongoing recurrent and gradually expanding character” (Blau 1964:94).

Social exchange is a ubiquitous phenomenon. It occurs in neighbours’ exchanges of favours, peers’ exchanges of assistance, friends’ exchanges of gifts, scholars’ exchanges of research ideas, and even spouses or partners’ exchanges of affection (Emerson 1972:60). A common principle underlying these exchanges is reciprocal obligation (Mossholder, Setton & Henagan 2005:608). If one asks a friend a favour, this entails a general expectation of future return. This aspect of reciprocal obligation differentiates social exchange from economic transactions. While the lack of reciprocity makes each economic transaction discrete and independent, the reciprocity principle in social exchange entails repetition and obligations in future interaction. If one buys a house from a seller, the transaction is consummated by paying the exact price for the house. The transaction does not require other obligations or interactions in the future. In contrast, commodities and services in social exchange do not have exact prices. Instead, consummating a social give-and-take necessarily forms up feelings of individual obligation, gratitude and trust among partners, all of which lays a base of social solidarity and micro-social order even without obligatory contracts.

SET emphasises the structural context of transactions in which two or more actors seek to arrive at a satisfactory exchange of benefits. The context of a relationship is structured by repeated opportunities for social transactions among the same actors (Cooper 2004:33). This structure constitutes the building blocks of a micro-social order that is manifested in stable frequencies of interaction among a set of exchange partners (Flynn 2003:539). Emerson’s (1972:58, 1981:30) power-dependency theory provides a breakthrough in analysing the enduring exchange relation in terms of power and dependence. Unequal power is defined as the difference between high power and low power. Elaborating on Emerson’s power-dependence theory, Lawler and others advance a non-zero sum approach to power dependence (Yoon & Lawler 2005:147). For instance, dependence on each other (total dependence) can increase or decrease simultaneously by mutually changing the value of the outcomes or the alternative outcome sources in the same direction. Emerson (1972:58) identifies this as a

“cohesion effect” of mutual power. Distinguishing total and relative power as two independent dimensions of power, Lawler and Yoon (1993:465) indicate that a structurally cohesive relationship occurs under high total power and low relative (unequal) power. In this study, structural cohesion in exchange relations promotes relational cohesion and behavioural commitment.

Among the standard exchange theory explanations for relationship development is that certain power-dependence conditions in exchange relations promote frequent exchange with the same actors (Thye, Yoon & Lawler 2002:89). When actors repeatedly exchange resources, they learn more about one another, find each other more predictable and infer that they have similar orientations to the exchange task. Predictability, expectation confirmation and reduced transaction costs are considered as benefits of staying with the same actor (Yoon & Lawler 2005:147). Research in cognitive psychology explains this in terms of uncertainty aversion, wherein individuals tend to avoid unpredictable or uncertain decision contexts (Decrop *et al.* 2003:1001). This same theme emerges in a variety of other commitment explanations, ranging from those centered on trust or relation-specific assets to those dealing with embeddedness within larger social units (Mossholder *et al.* 2005:609). Taken as a whole, these theories generally agree that reduced uncertainty sets the focal relation or group apart from others and inclines actors to perceive greater instrumental value in focal relations or groups (Cooper 2004:34).

### **3.7.7 OCBs as the outcomes of Social Exchange Theory**

Within the leadership domain, two theoretical perspectives have been used to describe the mechanisms by which employee trust in supervisors might influence followers' decisions to demonstrate OCBs. The first perspective, the character based perspective (Kacmar *et al.* 2012:44; Dirks & Ferrin 2002:611), centers on leader character and how character affects followers' trust in their supervisor (Kacmar *et al.* 2012:44). Leaders have the power to make decisions that impact on followers, as well as their ability to achieve important work-related goals. The character perspective holds that employees' interpersonal experiences with leaders lead to conclusions about leaders' character related to their fairness, dependability, integrity and ability (Halbesleben *et al.* 2010:1450). These conclusions in turn impact on followers' trust, and consequently, decisions with regard to work attitudes and behaviour, including citizenship behaviour are made (Mackenzie, Podsakoff & Rich 2001:115; Rubin *et al.* 2010:400). The underlying expectation is that followers are willing to put themselves at risk through the

exertion of extra effort, and the expenditure of time to engage in citizenship behaviours for leaders is perceived as having high character. The second perspective, what has been referred to as the relationship-based perspective is also consistent with the SET underpinnings of the citizenship phenomenon (Dirks & Ferrin 2002:611) and centres on followers' perceptions of the quality of the leader-follower relationship. Followers who perceive their relationship to be based on relational (rather than economic) exchanges, operate with the expectation that their extra contractual contributions will be reciprocated as a consequence of feelings of mutual obligation and trust (Blau 1964:8; N'Goala 2007:510; Levine 2010:5).

SET has served as the theoretical principle underpinning citizenship literature and thus serves as the principal framework for the arguments that are developed in this study regarding the dual roles played by supervisor trust (Kacmar *et al.* 2012:45). Social exchanges stand in contrast with strict economic exchanges, where services have an established market value and are traded for an understood, formally scheduled level of compensation. SET (Blau 1964:12; Cropanzano & Mitchell 2005:874) holds that the social exchanges between parties entail mutual, informally specified, diffuse sets of obligations. When one party to the exchange does something for the other, or provides benefits for the other, there is an expectation of some form of valued, future return that is both non-specific, and not tied to an explicit market value (Morgeson, Reider & Campion 2005:583; Rubin *et al.* 2010:400). Applied to organisational settings, leaders, coworkers and even the organisation may offer employees a range of benefits that induce feelings of indebtedness (Deckop, Cirka & Anderson 2003:101; Flynn 2003:539). With regard to understanding followers' citizenship behaviours, Organ (1988:11; 1997:85) argued that when employees experience positive treatment from key organisational representatives, social exchanges and reciprocity norms influence incumbents to demonstrate OCBs in an effort to compensate this treatment informally. Social exchanges are supported by what Blau (1964:33) referred to as "macromotives" such as loyalty and commitment. If employees' macromotives are positive, they are more likely to consider engaging in OCBs to compensate the organisation and its key representatives for the positive experiences contributing to these motives. However, when individuals' macromotives become negative, the tension contributing to the desire to pay-back their social exchange debts to key organisational representatives diminishes, effectively shutting off the flow of discretionary contributions such as OCBs (Bolino *et al.* 2004:300; Mossholder *et al.* 2005:608).

When relating the social exchange theory to the current study, this research submits that an effort by SME owners or managers to create a supportive organisational environment is likely to stimulate a positive perception of fairness to their employees. Furthermore, as a result of this perceived fair treatment and in accordance to SET, SME employees' workplace equity will be raised, thereby contributing to organisational commitment and ultimately citizenship behaviours enhanced in reciprocation. For that reason, the SME employees' commitment and citizenship behavior will eventually lead to improved job performance, hence the SMEs' improved competitiveness, viability, profitability and intention to stay in the organisation in the long term.

### **3.8 LEADER-MEMBER EXCHANGE THEORY**

Leader-member exchange (LMX) theory was developed from SET and it describes the quality of relationships between leaders and their followers (Bowler, Halbesleben & Paul 2010:309; Kim *et al.* 2010:531). Based on SET (Blau 1964:30), high-quality LMX relationships are characterised by mutual trust, respect and commitment (Kim *et al.* 2010:532). A great deal of research has identified OCBs as an outcome of LMX relationships between leaders and followers (Wayne, Shore & Liden 1997:83; Liden, Sparrowe & Wayne 1997:48; Liden & Maslyn 1998:43; Lam 2003:49; Bowler *et al.* 2010:309). The high-quality exchange between leaders and followers is thought to lead to treatment that is more positive by the leader, which evokes an obligation on the part of followers to reciprocate positive treatment from leaders with extra-role behaviours. This idea has roots in early LMX research by Liden and Graen (1980:451). Liden and Graen (1980:452) suggested that high-quality exchanges result in employees performing their work beyond their job duties that support and benefit the leader's objectives. This LMX relationship is a contextual variable that likely has a differential influence on the attributions of OCB motives when viewed from different perspectives (Lee & Allen 2002:131). Traditionally, researchers have examined how LMX relationships impact on evaluations of performance (Halbesleben & Bowler 2007:93). Leader-member exchange has been related to leader evaluations of both in-role and extra-role behaviour by the follower (Wayne *et al.* 1997:83; Jung & Yoon 2012:370). Leaders demonstrate more favourable evaluations of follower behaviour when the two are linked by a high-quality LMX relationship. The corollary of this is that leaders tend to evaluate the behaviours of employees lacking a high-quality LMX relationship with the leader negatively (Bowler *et al.* 2010:309).

LMX are also supervisor-subordinate dyadic transactions that have been found to affect subordinate work attitudes and wellbeing (Kim *et al.* 2010:531). LMX theory mainly explicates that different relationships between a leader and his/her subordinates in a workplace will evolve as a result of the constrained resources such as time and energy (Bowler *et al.* 2010:309). The quality of the LMX relationship ranges from low to high (Lee & Allen 2002:131; Lee 2005:655; Lee, Lee, Lee & Park 2005:159; Wang & Wong 2011:845). A high-quality LMX relationship involves the sharing of resources and information, physical and mental effort, and affection. Wang and Wong (2011:846) noted that there are four dimensions of LMX theory, namely affect, loyalty, contribution and professional respect respectively.

Liden and Maslyn (1998:43) first proposed that LMX be measured as a multidimensional construct and discovered four LMX dimensions. Affect refers to “the mutual affection members of the dyad have for each other based primarily on interpersonal attraction, rather than work or professional values”; loyalty involves “a faithfulness to the individual that is generally consistent from situation to situation”; contribution measures “perception of the current level of work-oriented activity each member puts forth toward the mutual goals”; and professional respect depicts the “perception of the degree to which each member of the dyad has built a reputation, within and outside the organisation, of excelling at his or her line of work” (Liden & Maslyn 1998:50).

In the study of Wang and Wong (2011:846), LMX was chosen as a mediating construct linking commitment variables (CVs) and OCB for several reasons. First, prior findings have suggested that high-quality LMX featuring mutual trust and effective communication will noticeably enhance the commitment of in-group members. Some recent studies have substantiated that Chinese employees may establish trust and commitment toward their supervisors before developing commitment to the organisation as a whole (Wong & Kung 1999:9; Wong, Ngo & Wong 2003:481). Secondly, by definition, LMX refers to a certain type of association between superiors and subordinates, the quality of which can affect subordinate work attitudes and well-being (Wang & Wong 2011:845). Such a relationship is specifically coined as *Guanxi* in Chinese society (Yen & Teng 2012:7). Deeply rooted in the Chinese society as the manifestation of the Confucian codes of ethics, *Guanxi* generally involves a hierarchical network of relationships embedded with mutual obligations to exchange affection, favours, or “face” (Wong & Tam 2000:57). In this respect, the authors reasoned that OCBs are greater because they have been deeply influenced by China’s traditional values, which may result in

more employees willing to obey, respect, follow and support their supervisors in order to build up harmonious associations. By doing so, they are more likely to establish a close bond or high-quality LMX with their supervisors and receive more support, care and favours compared with those who stand “outside” such a relationship. Being treated differently, these subordinates tend to contribute as much as they can to benefit their supervisors. Collectivism in Zimbabwean family SMEs tend to resemble Chinese firms because of spirit-de-corps, which is a spirit of togetherness. Spirit-de-corps is very common in Zimbabwean SMEs because most of the SMEs are family-run business and levels of OCBs are high, thereby resulting in intention to stay in the SMEs no matter what the consequences are (Gono 2009:11).

Traditionally, OCB research has drawn upon SET (Blau 1964:20) to suggest that employees perform OCB when they are in high-quality LMX relationships. When employees are in high-quality LMX relationships, to reciprocate the favourable treatment that they have received from their leader, employees are motivated to help their leader and similarly, the organisation achieves their goals (Organ, Podsakoff & MacKenzie 2006:33). Thus, high-quality LMX relationships will lead employees to engage in OCB based on a genuine desire to help the leader and the organisation. As a result, employees will tend to attribute their own OCB positively to pro-social and organisational concern motives. Alternatively, when employees are in low quality relationships with their leaders, they may engage in OCB in order to impress their leaders and cultivate high-quality LMX relationships (Bolino *et al.* 2002:505; Snell & Wong 2007:883; Cooper & Thatcher 2010:516). This will lead employees in low-quality relationships with their leaders to attribute their OCB to impress management only for selfish gains (Bolino *et al.* 2012:130). Additionally, although employees might not feel prosocial or organisational concern motives, their association with the leader could create an in-group bias or a confirmation bias (Yen & Teng 2012:6; Bolino *et al.* 2012: 130) toward their view of the self. They may assume that anyone, including the self, linked so closely with the leader, must like the organisation and share the leader's motives. Thus, it is likely that followers in a high-quality LMX relationship will attribute their OCB motive to positive, stable motives of pro-social and organisational concerns.

### **3.8.1 Implications of SET and LMX theories for managers**

The theories provide managers with an explanation of how their actions and leadership styles impact on OCBs. Good leadership skills such as being a servant to subordinates, listening to their views and a participatory approach will lead to high LMX relationships and vice versa.

Managers should pay special attention to employees' needs and wants in order for the workers to display high quality OCBs, which are beneficial to the smooth running of the firm. Managers should display good leadership qualities in exchange for OCBs at workplaces.

On top of this, managers should forget about good working relationships with subordinates when they treat them badly. The climate at the work place should be conducive for employees to display OCBs and high quality LMX for the betterment of the organisation. Research on servant leadership has made major contributions to understanding leadership effectiveness (Robbins & Judge 2011:439). Organisations should try by all means to look for leaders with a vision and charisma to carry out their vision and the leaders should exhibit transformational leadership qualities. For employees to display OCB qualities, leaders must be authentic and must develop trusting relationships with the subordinates. Managers who are not trusted are doomed to fail because employees can only display deviant behaviours in such situations, which will be detrimental to the survival of the organisation. Managers should also consider investing in leadership training such as formal courses, workshops, rotating job responsibilities, coaching and mentoring. This will help subordinates perform beyond expectation leading to high LMX.

LMX theory has proved influential in analysing followers whether they are included in leader's "in-group" or were relegated to the "out group". LMX leads to understanding effective leadership (Robbins, Judge, Odendaal & Roodt 2009:307). SET and LMX theories assist managers in understanding why, when and how employees perform OCBs at workplaces and should, therefore, not be discarded.

SET and LMX theories help in understanding why employees' intention to stay in Zimbabwean SMEs is influenced by equity, OCBs and organisational commitment. If workers are committed, there is no need for them to quit their jobs.

### **3.9           SYNOPSIS**

Different authors have defined EPE and OCBs differently. The authors, however, agree that these two constructs, if adhered to in organisations, will lead to organisational commitment and employees' willingness to stay on the job. In this study, employee perception of equity is defined as the employees' perceived fairness of job outcomes given his or her job input in an organisation. Equity is relevant as a determinant of organisational efficiency and effectiveness. In this chapter, two theories have been used to explain equity, namely the justice judgement

theory and equity theory. On the other hand, OCB is defined in this study as employees' willingness to remain with the company, their actions surpassing their job description and their proactive behaviour beyond job responsibilities (Chiang & Hsein 2012:180; Yildirim *et al.* 2012:2146; Bolino *et al.* 2012:126; Yen & Teng 2012:1; Mamman *et al.* 2012:285; Wei *et al.* 2012:1244). OCBs include self-improvement, volunteering for extra work, avoiding unnecessary conflicts at workplaces and respecting the spirit as well as the letter of rules and regulations. In this study, two theories have been used to explain OCBs, namely SET and LMX. The study explains why these theories are of importance to the study in question and to managers.

Chapter 4 will focus on two constructs, which are organisational commitment and employee intention to stay. Theories related to these two constructs will be elaborated. This chapter will explain and discuss how organisational commitment affect and ultimately lead to employee intention to stay in Zimbabwean SMEs.

# **CHAPTER 4**

## **ORGANISATIONAL COMMITMENT AND EMPLOYEE INTENTION TO STAY**

### **4.1 INTRODUCTION**

Chapter 3 provided a literature review on the EPE and OCB and the theories related to these two constructs. The theories include equity theory, JJT, SET and LMX. Chapter 3 also explained and discussed how EPE and OCB affects OC and ultimately ITS in organisations.

This chapter (Chapter 4) will focus on two constructs, which are organisational commitment and employee intention to stay. Theories related to these two constructs will be elucidated and deliberated. This chapter will explain and discuss how organisational commitment affect and ultimately influence employee tenure intentions. Briefly, this study examines the relevant theories that foster OC and the relationships with the identified constructs in the study.

### **4.2 ORGANISATIONAL COMMITMENT**

Organisational commitment (OC) has captured the hearts and minds of researchers and practitioners alike and research outcomes have revealed that high levels of OC often result in greater job satisfaction, reduced absenteeism, retention and organisational citizenship behaviours (Carmon, Miller, Raile & Roers 2010:210; Jones & McIntosh 2010:290; Morrow, Nordin 2011:129; Grawe, Daugherty & MacElroy 2012:165; Yamaguchi 2013:58). This is despite the fact that some organisations opt for short term contracts, which no longer guarantee long term employment and commitment largely as a result of global and economic uncertainty (Carmeli 2005:179).

Organisational commitment in so many ways has been referred to as a “mature construct” as it has been tested in many organisations (Morrow 2011:19). The following section of this chapter will commence by defining organisational commitment, then discussing reasons why organisational commitment remains an important behavioural construct that fosters organisational efficiency and effectiveness and ultimate intention to stay on the job.

#### **4.2.1      Definition of organisational commitment**

There are many definitions of OC depending on who the researchers are and what they are examining. According to Fehr (1988:557) “searches for a definition of commitment carried out in psychology and other related disciplines have been marked with conflict, confusion and disagreement”. Nevertheless, commitment has been seen as the willingness or intention to continue maintaining the relationship into the future (Yamaguchi 2013:58). Drawing from the extant literature, it is noted that dedicated individuals believe in and accept organisational goals and values. This means that the individuals will be willing to remain with their organisations and provide considerable effort towards the achievement of their organisation's goals (Mowday, Porter & Steers 1979:227; Cater & Zabka 2009:711). In a study by Curriwan (1991:495), OC is defined as the degree to which an employee feels loyal to the organisation. However, Porter, Steers, Mowday and Boulian (1974:603) identifies three major components of OC definition as follows: (1) a strong belief in and acceptance of the organisation's goals, (2) a willingness to exert considerable effort on behalf of the organisation, and (3) a definite desire to maintain organisational membership.

Other researchers from either a psychological perspective or sociological thrust have also defined OC. For instance, those who subscribe to the psychological view submit that OC acts as a psychological bond to the organisation and influences individuals to act in ways that are consistent with the interests of the organisation. These researchers suggest that low levels of OC may be dysfunctional to both the organisation and the individual, while high levels may have positive effects that lead to higher performance, greater satisfaction and low turnover. Another school of thought has differentiated OC definitions according to how the construct has been conceptualised by organisational behaviour researchers and social psychologists (Razali, 2004:465). For instance, organisational behaviour researchers use the term to describe the process by which employees come to identify with the goals and values of the organisation and desire to maintain membership of the organisation. On the other hand, social psychologists have focused on behavioural commitment. This approach draws heavily on the works of several social psychologists and focuses on how an individual's past behaviour serves to bind the organisation. However, despite all the other definitions, this study will define OC as an employee's strong beliefs in the organisation's goals and values, a willingness to work on behalf of the organisation and a desire to maintain membership in the organisation (Porter *et al.* 1974:604). This sense of commitment among employees could be used not only to preserve

the longevity of their businesses, but also to create a positive working environment for employees (Yamaguchi 2013:58).

## **4.3 COMPONENTS OF ORGANISATIONAL COMMITMENT**

Scholars have discovered three components involved in OC, which are affective or emotional commitment, continuance or calculative or instrumental commitment and normative or moral commitment (Meyer & Allen 1997:13; Morrow *et al.* 2012: 101; Jones & McIntosh 2010: 292).

### **4.3.1 Affective or emotional commitment**

There is increasing concern over how organisations can establish and restore OC among employees, specifically affective organisational commitment (AOC), which is a highly valued employee attitude (Morrow *et al.* 2012:101). It concentrates on an employee's identification with and involvement in an organisation and emphasises the bond between the employee and the organisation (Allen & Meyer 1990:5). Organisations with affective committed employees are more effective and employees who display high levels of AOC are more productive and less likely to abandon the job (Cooper-Hakim & Viswesvaran 2005:241). Michaels, Handfield-Jones and Axelrod (2001:12) postulated that business leaders view AOC as pivotal for enticing, inspiring and holding key talent employees. Employees who are low in AOC are more likely to avoid work and engage in counter-productive behaviours such as stealing, interruption and violence (Meyer & Allen, 1997:11; Luchak & Gellatly 2007:786). For these reasons, and because of the participating organisation's interest in building commitment, AOC was selected as an outcome of practical importance. AOC is widely recognised and the earliest conceptualisation of organisational commitment is affective commitment, defined as "an individual's identification with and involvement in a particular organisation" (Mowday *et al.* 1982:224). Affective commitment is characterised by three factors: identification, which is a strong belief in, and acceptance of, the organisation's goals and values; involvement, which is a readiness to exert effort on behalf of the organisation; and loyalty, which is a strong desire to remain a member of the organisation. While organisational commitment can take different forms, affective organisational commitment has drawn the most attention and is the form of commitment most closely associated with employee perceptions and behaviours. Consequently, it is in the best interest of organisations to build a relationship with their employees so that employees will psychologically identify with the goals of the organisation, want to remain a part of it and engage in behaviours that assist the organisation in achieving

those goals. This type of employee-employer relationship has even been positioned as a source of strategic competitive advantage (O'Reilly & Pfeffer 2000:14). Jones and McIntosh (2010:292) argued that affective commitment refers to being emotionally attached to an organisation, which increases when employees' expectations are satisfied and needs are met. On the other hand, affective commitment means that employees want to stay in the relationship because they like their organisation, enjoy the partnership and feel a sense of loyalty and belongingness. Therefore, employees with strong affective commitment stay in an organisation because they want to (Allen & Meyer 1990:3; Snape & Chan 2000:450). Affective commitment expresses the extent to which employees like to maintain their relationship with their employer. Meyer and Herscovitch (2001:299) depicted affective commitment as a moral involvement where moral involvement represents the identification and internalisation of organisational norms. In this study, affective commitment is defined as an employee's emotional attachment to membership enjoyment in an organisation (Meyer *et al.* 2002:61).

Why does affective organisational commitment remain important? Organisational specialists and business leaders have long rendered special attention to AOC based on the belief that organisations with committed employees are more effective and employees who exhibit high levels of AOC are more productive and less likely to quit (Riketta 2002:257; Cooper-Hakim & Viswesvaran 2005:241; Riketta 2009:70). Current changes in work practices for example downscaling, eradication of defined benefit retirement plans and patterns, for example, fresh generations of employees entering the workforce who hold different values have been identified as possible explanations for lower affective commitment levels (D'Amato & Herzfeldt 2008:929).

#### **4.3.2            Normative or moral commitment**

The second component of organisational commitment according to Allen and Meyer (1990:1) is normative commitment. This commitment means that partners stay in the relationships because they feel they ought to (Kumar, Hibbard & Stern, 1994:100; Geyskens, Steenkamp, Scheer & Kumar 1996:303; Meyer, Stanley, Herscovitch & Topolnytsky 2002:20). According to Coyle-Shapiro and Shore, (2007:166) normative commitment is seen as a mutual, ongoing relationship over an extended period of time, which is based on mutual commitment and sharing. Miyamoto and Rexha (2004:319) suggested that at the heart of normative relationship commitment is trust. Normative commitment can be viewed as that kind of commitment in which an employee's feeling of obligation to stay with the organisation is grounded on the

identification with the organisational authority and an internalisation of organisational norms (Meyer & Allen 1997:175). Normative commitment differs from affective commitment in the sense that it reflects social norms and an obligation, which views commitment as a belief about one's responsibility to the organisation. This study defines normative commitment as the moral commitment in which the employee's feelings of obligation to stay within the organisation and is premised on their identification with the organisational authority and an internalisation of organisational norms (Meyer & Allen 1991:62).

#### **4.3.3 Continuance or instrumental or calculative commitment**

The third component of organisational commitment is called calculative or instrumental or continuance commitment. This commitment is the extent to which partners perceive the need to uphold a relationship due to the substantial anticipated switching costs or lack of alternatives (Meyer & Herscovitch 2001:300). Allen and Meyer (1997:15) suggested that calculative commitment is a destructively oriented type of motivation. In this regard, an employee is motivated to stay in the relationship because he or she cannot easily replace his or her current organisation and because he or she cannot obtain the same resources and outcomes outside his or her current organisation (Ruyter, Moorman & Lemmink 2001:271). Thus, calculative commitment is determined by the costs that an employee associates with leaving his or her current organisation (Meyer & Allen 1997:11). Jones and McIntosh (2010:292) defined continuance commitment as workers being committed to remain because the cost of leaving is high such as when employees have invested resources and time into their organisational membership or when few alternatives are available. In this study, calculative commitment is defined as the extent to which an employee perceives the need to conserve a relationship due to the significant expected switching costs associated with terminating a relationship with an organisation or lack of alternatives (Meyer & Allen 1997:12).

#### **4.3.4 External organisational commitment**

McElroy, Morrow and Laczniak (2001:238) extended the notion of commitment to a constituent beyond the boundaries of one's employing organisation to include commitment to another organisation. This is a new construct in organisational commitment research (Weaven, Frazer & Giddings 2010:136). McElroy *et al.* (2001:239) employed the term EOC to describe the commitment that boundary-spanning employees may develop toward other organisations. They suggest that benefits accrue to both the external organisation and the employing

organisation when employees become psychologically attached to the external organisations to which they are fulfilling a boundary-spanning role. McElroy *et al.* (2001:239) suggest that individuals who are more committed to a host organisation will go above and beyond the call of duty for their host while increasing business opportunities for their employer within the host organisation. Although no studies have specifically addressed this proposition, if true, having employees that are committed to their host organisation is a win-win situation for the organisation. The question then becomes one of how to build EOC. Based on the work of McElroy *et al.* (2001:237) on EOC, three purposes were identified. First, social exchange theory was used to make the case that an employee's level of commitment to a host firm is dependent on the degree to which the employee perceives the host firm as supportive of their efforts. Secondly, the degree of interdependence (both in terms of the task and outcomes) resulting from the implantation into a host firm affects perceptions of support from the host firm. Thirdly, the relationship between the perceptions of external organisational support and their level of commitment to the host firm was examined (McElroy, Morrow & Crum 1997:211; McElroy 2001:1). It is important to note that EOC can be very beneficial to the host company and the employee if handled in a clever and well thought out way.

#### **4.4 ANTECEDENTS OF ORGANISATIONAL COMMITMENT**

There are a number of antecedents of OC (Morrow 2011:20). This research will focus on a few of them, which include socialisation, human resource (HR) practices, leadership, employee-organisational relations, perceived organisational support (POS) and job satisfaction (JS).

##### **4.4.1 Socialisation**

“One of the earliest and most pervasive research questions addressed in relation to organisational commitment is whether high levels of organisational commitment can be achieved by selecting the right applicants and treating them in some positive ways so as to foster the commitment, especially during the induction period” (Morrow 2011:18). Ideas like this often led to comparative examination seeking to establish the relative importance of pre-entry and post-entry factors. Takeuchi and Takeuchi (2009:297) noted that with increasing recognition, other alternative explanations might explain levels of OC once the employment period lengthens (for example expressing OC in order to avoid cognitive dissonance). Many scholars turned to natural controls by studying only employees during early employment periods (newcomers). Accordingly, the socialisation studies are classified into two categories:

pre-entry factors and newcomer socialisation. Takeuchi and Takeuchi (2009:928) examined the role of socialisation tactics in affecting newcomer adjustment was done over a yearlong period. Using time series difference scores, they found that pre-entry firm satisfaction did predict a decline in OC between the time of hire and the end of the first year. It would appear that not being satisfied with one's choice of employer tended to reduce OC. The authors speculate that high pre-entry company satisfaction creates such high expectations regarding the job that the experiential reality of the actual employment cannot be met (reality produces unmet expectations). Employee standards represent another potential pre-entry determinant of OC.

The degree to which an employee subscribes to collectivist values has been shown to affect OC when combined with various pay levels or job autonomy. Williamson, Burnett and Bartol (2009:28) used a sample of graduating U.S. college students and manged to find that employees with low (compared to high) collectivist orientation demonstrated higher levels of OC when they perceived high levels of pay and autonomy. When pay and autonomy are perceived to be low, employees with a high collectivist orientation reported higher levels of OC. These results contest the idea that cultural values are invariant within a culture and further, that managers are limited to influencing OC when collective orientation is low. In addition, the results of this study suggest that in workforces exhibiting low collectivism, OC can be elevated by providing high pay and teamwork. Conversely, when faced with jobs with low pay and autonomy, it would be wise to hire employees high in collectivism in order to escalate OC. This review attests that the role of organisational socialisation strategies in prompting OC has received a fair amount of empirical attention.

Indeed, Saks, Uggerslev and Fassina (2007:413) initiated an appropriate number of studies to conduct a meta-analysis on the subject. Their findings indicated that institutionalised socialisation tactics related positively to OC and that relations were stronger in cross-sectional studies, as compared to those in longitudinal studies. However, conclusions drawn from the present review based on longitudinal data only are less clear-cut. With respect to pre-entry factors, pre-entry exploration and job knowledge activities did result in higher levels of OC, probably because such efforts lead to better job selection. Having a positive character and having an inclination toward OC were also helpful. Similarly, favourable perceptions of early job experiences (for example opportunities for self-expression, starting salary and role clarity) seem important for achieving high levels of OC. It appears too though that there can be too much of a good thing, in that very high levels of pre-entry organisational satisfaction and

education ultimately resulted in lower levels of OC. Other particular socialisation tactics were mixed in terms of magnificently raising OC and there was little evidence that demographic characteristics wielded much influence on OC. The most promising antecedents were those, which aimed on integrating the newcomer into the group via social support and mentoring-type activities. This latter factor was also found to foretell OC when positioned as a constituent in organisational modification and in interpersonal relationships at work.

#### **4.4.2        Organisational change**

Organisational changes that directly affect employees entail those events that most likely to trigger interest in OC (Nordin 2011:129). Necessary changes in the nature of work and how it is done often call for a renegotiation of the psychological contract and norms of work behaviour. Managers logically fear that promises, once made, may be construed as broken when transformation happens and consequently, trust and commitment will be in jeopardy if not handled well (Morrow *et al.* 2012:99). Ghapanchi and Aurum (2011: 238) noted that the impacts of various types of organisational and job change on OC have received empirical attention in research. These studies are divided into three groupings: (a) internal reorganisations, (b) downsizings and acquisitions, and (c) unionisation and geographical relocation.

Common forms of inside reorganisation in the last 50 years include job redesigns that incorporate more automation, teams and a greater emphasis on product and service quality (Morrow *et al.* 2012:100). Numerous inquiries were carried out to assess how these changes affected the OC of employees. These changes affect the OC of employees through unionisation and geographical relocation.

As evaluated by Ormsby and Watts (1989:327), the effects of unionisation on OC on both university and academic college graduates and identified no alterations in OC after three years. These outcomes were asserted to backup the idea that employees could have multiple commitments independent of one another. According to Angle and Lawson (1993:4) geographical relocation of employees affected OC in a significant way. Paired t-test results were not reported, but the results still indicated that relocation does not uniformly affect OC. Practitioners have understandably worried whether organisational changes would have consequences for OC. These authors found that average levels of OC, before and after the move, did not vary significantly and contended that the stability in OC was a function of some

employees experiencing a decrease in OC being offset by others experiencing an upsurge in OC. Some changes such as job redesign thought to be beneficial to employees failed to produce the intended results. Other changes such as downsizing and acquisitions were feared to have negative repercussions. With respect to internal reorganisations, the results appeared to be quite mixed and combinations of factors were necessary to elevate OC (Morrow *et al.* 2012:100). Morrow (2011:19) found out that “favourable reactions to the change, as gauged by OC, seemed contingent on whether employees perceived that their altered jobs allowed for more personal control, task interdependence and rewards. Without these changes in perceptions, OC seemed relatively unaffected. Other changes, notably unionisation and geographical relocation, did not affect OC”. It is important to note that in reality unionisation and geographical relocation can affect OC either positively or negatively.

#### **4.4.3 Human resource practices**

Scholars and practicing managers over the years have pondered what policies and practices are relevant to the management of employees that might yield higher levels of performance leading to a number of investigations into high commitment-HR practices (Morrow 2011:20). These valuations are often situated at the organisational level of analysis (for example selective staffing, developmental appraisals) and scrutinize consequences at the organisational level performance (for example market share, profitability). Likewise, to the extent that OC is an individual level phenomenon, managers can only pursue to generate conditions where employees are motivated to increase or sustain their level of commitment (Roe *et al.* 2009:131). Wright and Kehoe (2009:99) in their review of organisational level antecedents of OC, were obliged to recognize that their results were chaotic by complications of amassed individual perceptions and reciprocal causation. At last, there is the lasting question of stressing causality in the nonexistence of longitudinal data. Against this backdrop, one tends to go back to the research that has been narrower in scope yet sought to examine how specific HR policies and procedures influence how committed employees are to their employers. Studies on policies and procedures were located in two broad areas, namely performance appraisal and promotions, training and compensation practices.

Research has shown that one area that received some attention over the years is how prior job performance assessments affect subsequent OC (Morrow 2011:22). Out of all the studies carried out only three studies were singled out. Riketta (2008:472) in his study concluded in that a meta-analysis, based on longitudinal data, found that OC has small causal effects on in-

role and extra-role performance but, more importantly for this research, that performance information did not demonstrate effects on OC. Donaldson, Ensher and Grant-Vallone (2000:233) argued that data were not originally evaluated to assess relations between performance and OC. Griffin (1991:425) reanalysed data reported for other purposes unrelated to this research. An issue in the work of Riketta (2008:473), however, is that the in-role performance measures were a mix of supervisory and goal ratings while the extra-role measures were based on self-report and peer ratings. Hence it is difficult to distinguish whether performance itself or others' (and self) ratings of performance, were actually affecting the OC. Nonetheless, Riketta's (2008:473) examination confirmed that OC was more predictive of performance than vice versa.

Guest, Peccei and Thomas (1993:191) argued that a training programme aimed at enriching employee involvement was conducted among railroad employees with the goal of increasing OC. Findings based on a control group and three groups receiving differing levels of intervention showed no changes in OC after a year. In another study by Fletcher (1991:120) report shows that no changes in OC were observed following participation in an assessment centre by banking employees. Turning to compensation practices, Williamson *et al.* (2009:29) found that among workforces exhibiting low collectivism, OC was increased when higher pay and job autonomy were provided. In a study done by Workman and Bommer (2004:318), they detected that quality circles or working in teams with mentors, training and group based bonuses increased OC. Lastly, the introduction of a merit-based bonus pay system in a New Zealand environmental planning organisation enhanced OC but most of the increase was found to occur when employees were involved in the performance planning or goal setting phase of the project (Taylor & Pierce 1999:424). OC was perceived to decline slightly over the following year of implementation but still ended higher than baseline levels. The results reported here indicate that HR practices themselves play limited roles in affecting OC. In only one instance, for example, was training found to be a valuable antecedent of OC. Rather, it is knowledge in current information and involvement in the HR practice, knowledge about the performance appraisal system, involvement in a change in pay systems that is instrumental in enriching OC levels.

#### **4.4.4 Interpersonal relations**

“A common catch phrase in management is that people make the place” (Morrow 2011:26). In terms of generating and nourishing a bond within an organisation this would seem to be

particularly true. An organisation is an inorganic object but the people who occupy organisations can serve as the real targets of affection, ambivalence or hatred. Responses people have to their leaders, supervisors and co-workers would seem to be strong potential causes of OC. Researches, which have examined these factors, were classified as leadership, coworkers, mentoring and organisational climate (Morrow 2011: 27).

The first scholars to examine the role of leadership as a determinant of OC were Bateman and Strasser (1984:96). They did not find any evidence to support leader behaviours as causal antecedents of OC. Johnston, Parasuraman, Futrell and Black (1990:333) looked at how changes in leader behaviour, role stress and job satisfaction affected salespeople's OC during their first six months of employment. Their results prove that decreases in role ambiguity and increases in job satisfaction (but not changes in leader consideration, leader role clarification or role conflict) improved OC. A third non-supportive finding for the importance of leadership was reported by Vandenberghe, Bentein and Stinglhamber (2004:48) when they found that favourable perceptions of leader-member exchange among employees working in a variety of organisations did not augment their OC. There were, however, some supportive studies linking leadership to OC. Epitropaki and Martin (2005:660) discovered that when subordinates alleged that their leaders embodied traits and abilities that characterise an ideal business leader (an implicit leadership theory match), their estimates of the quality of their leader-member exchange increased, which in turn led to higher levels of OC. Likewise, an examination into the role of leadership in OC focusing on spiritual leadership theory (Fry, Vitucci & Cedillo 2005:835) was more supportive. Spiritual leadership theory which is a "relatively new approach to leadership contends that values, attitudes and beliefs of leaders specifically vision, hope or faith and altruistic love can intrinsically motivate the leader and followers such that a sense of calling and a perception that one is valued by the organisation are elicited" (Morrow 2011:30). When this occurs, OC, productivity and employee well-being supposedly result. Fry *et al.* (2005:836) tested these philosophies in a causal model framework using a military squadron. They found out supporting evidence for leadership as a specified antecedent of OC.

In a determination to better comprehend how co-workers' OCBs affect employee attitudes, Tepper, Duffy, Hoobler and Ensley (2004:456) inspected this connection in conjunction with how unmanerly a supervisor was perceived to be. Two hundred and thirty seven (237) employees were used who worked in a diverse array of firms in a Midwestern city, the researchers found that over a seven-month period, higher levels of coworkers' OCBs yielded

higher levels of OC and perceptions of supervision were not related to subsequent OC. Nevertheless, a collaboration effect was observed indicating that when abusive supervision was low, there was a strong positive relationship between coworkers' OCBs and OC. These findings thus speak to the importance of not only encouraging coworker OCBs in order to foster OC, but also making sure these consequences are not alleviated by bad supervisory behaviour. Looking on the other side of the coin, Vandenberghe *et al.* (2004:47) did not discover that perceived work group cohesiveness predicted OC.

Workman and Bommer (2004:317) suggested that on the job training may increase OC through several mechanisms and has been recognised previously as a driver of OC. On the job training can help workers adopt the organisation's values, thereby identifying with the organisation, decreasing the stress of career management by providing direction and providing example or role model for workers to follow (Tyagi & Wotruba 1993:143). Donaldson, Ensher and Grant-Vallone (2000:234) found unskilled workers working in a diverse array of occupations and companies reporting high quality on the job training relationships. Mentoring subsequently displayed higher levels of OC. Donaldson *et al.* (2000:235) discovered how mentoring affects OC in a military sample, with the goal of reducing turnover behaviour (promoting re-enlistment). Their research questions entailed whether mentors who were also supervisors were more instrumental in promoting OC than non-supervisory mentors and how forms of mentoring (career-related support, psychosocial support) affected promoting OC. The authors also reported that OC was moderated by mentoring and there was no subsequent turnover in 10 years.

Perceived organisational climate affects OC in a number of ways. Tyagi and Wotruba (1993:144) observed that OC was a stronger predictor of perceptions of organisational climate using cross-lagged correlations. The outcomes indicate that effort to improve organisational climate have insignificant effects on OC as OC may shape perceptions of organisational climate. In addition, Sims, Drasgow and Fitzgerald (2005:1141) considered the bearing of recent sexual harassment on OC and turnover approximately four years later. Their findings indicated that while harassment decreased OC, harassment also had independent effects on subsequent turnover. These studies propose that leader behaviour and organisational climate have limited utility as causal antecedents of OC. While certain leader behaviours such as inspiring vision and hope may elicit responses among employees that in turn invoke higher levels of OC, insulting supervisors and upsetting organisational climates can lead to lower OC.

Conducive organisational climates, mentoring and perceptions of coworker OCBs have a great positive effect for building OC.

#### **4.4.5 Employee-organisation relations**

An evolving theme in review is that organisation activities are not especially strong determinants of OC but rather it is how employees respond to organisational initiatives that drive OC (Morrow 2011:27). It is thus not surprising that much of the more recent research on OC has focused on these more proximal factors. Though often referenced yet seldom explicitly measured is the idea of met expectations. This notion is an integral component of the early socialisation studies related to OC and has recently re-surfaced under the guise of “unmet expectations” (Morrow 2011:27). An innovative term capturing this idea is “psychological contract fulfillment”. Studies in this segment are divided into the following four categories: (a) organisational support for personal goals, (b) perceived organisational support, (c) psychological contract replicability, and (d) social exchange and job embeddedness.

According to Meyer and Allen (1997:119), objectives are associated with OC and that they work hand in hand like telephone wires. In examining five of the earliest definitions of OC, Meyer and Allen (1997:120) noted that two meanings explicitly included individual attachment to organisational goals. Definitions that are more recent have moved away from this component yet employees’ views about organisational objectives might reasonably be expected to affect the bond between employees and the organisation. The role played by goals in influencing OC, specifically goal commitment, goal attainability, and goal progress was explored at three points in time among 81 employees newly employed in 14 companies in Germany (Maier & Brunstein 2001:1034). Partakers produced personal work goals related to their jobs, careers and occupations that they considered to be important in the next few months. Participants then rated each goal in terms of their commitment to it, and how attainable they thought it was. This was followed by an evaluation of the amount of goal-related support they were receiving from their supervisors and colleagues. At the second (four-month lag) and third (eight-month lag) data administrations, participants rated their goal advancement. The findings indicated that goal commitment and attainability interacted to influence OC such that newcomers with strong goal commitment who indicated favourable conditions for accomplishing their goals reported higher levels of OC at both the second and third data collections. In contrast, those with strong goal commitment who experienced poor situations for goal accomplishment recorded a decline in their OC. These relations stayed integral even when supervisory and colleague support levels

were controlled. Lastly, research revealed that goal advancement effectively mediated the relationships between goal commitment and attainability and OC (Maier & Brunstein 2001:1034). These outcomes thus maintain the idea that employees feel about their goals and the extent to which organisations enable goal attainment and has an effect on OC.

Perceived organisational support (POS) has regularly confirmed positive relations with OC in longitudinal examinations. POS refers to employees' global beliefs about the extent to which the organisation values their contributions and cares about their well-being (Eisenberger, Huntington & Sowa 1986:500). OC is conceptualised as an attitudinal reaction to these beliefs. The response is normally illuminated by asserting that norms of reciprocity (Gouldner 1960:162) are evident in employee-organisational relationships, which become cemented through social exchange mechanisms (Blau 1964:12) over time. These relations are also sometimes cast as examples of a strong psychological contract. Some studies have engaged in generic POS measures while others have improved the measure to restrict the form of support to selected targets, which is organisational support of the work-family. The extent to which POS distinctively and positively would predict OC was of interest to Vandenberghe *et al.* (2004:50). Using information from a Belgian university holding diverse jobs, found that POS did indeed result in OC six months later (Vandenberghe *et al.* 2004:52). Bortel's (2005:5), study on turnover intention among health care and retailing employees working in two organisations, also found POS to be a good predictor of OC. Lastly, Thompson, Jahn, Kopelman and Prottas (2004:545) formulated a measure of organisational support focusing on employee perceptions of how well an organisation provided tangible and intangible (emotional) support of employees' families; aptly called perceived organisational family support. Using 98 employees from a variety of organisations, the authors found that intangible (but not tangible) and supervisory support of families was predictive of OC after 18 months. As a consequence, organisations that foster POS within employees are thought to have a competitive advantage over organisations that do not (Pfeffer 2005:95). "When employees perceive that they are supported, they tend to be satisfied with their jobs, high job performance, committed to and identify with the organisation as well as help the organisation succeed through citizenship behaviours and decreased withdrawal behaviours" (Chinomona & Moloi 2014:306). For example, Rhoades and Eisenberger (2002:700) found that organisational support positively impacts on job satisfaction while Miao (2011:1) also reported a positive correlation between organisational support and job performance.

Morrow (2011:30) said that psychological contract replicability is the extent to which an individual perceives that his or her current psychological contract can be attained in other firms. This is a relatively new concept in the organisational behaviour literature. Therefore psychological contracts entail beliefs regarding what employers owe employees and what employees owe employers in turn. In addition, these relations were stronger for older employees, employees with more work experience and employees in later career stages, as compared with their younger, less experienced and earlier career stage counterparts. Effects of these findings are that managers ought to deliberate preserving a conducive evaluation of psychological contracts among older and long-term employees in order to keep the OC of these employees high. “When employees begin to believe that their contracts are replicable elsewhere and that their expectations are no longer being met, a spiral of reduced contribution to the firm (and perhaps even turnover) may begin to spin” (Ng & Feldman 2008:301).

Hom, Tsui, Wu, Lee, Zhang and Fu (2009:278) pursued to clarify how employee-organisation relationships influence OC under conditions of mutual investment (where employers offer high inducements to employees for high contributions) and over-investment (where high inducements are provided without high contributions). Perceptions of fair social exchange and job embeddedness were placed as mediators between these two types of employment relationships and OC. Using Chinese middle managers they found (1) that social exchange and job embeddedness both predicted OC without consideration of the type of employee-organisation relationship, (2) mutual investment and to a lesser extent over-investment employee-organisational relationships create positive social exchange perceptions and subsequent OC, and (3) that only job embeddedness was a significant mediator of relations between mutual investment relations and OC. Stated differently, they found that social exchange was a strong mediator in the short term but that job embeddedness was a more enduring mechanism in the long term after 18 months (Hom *et al.* 2009:278). This class of antecedents displayed stronger evidence of how OC might be actively managed. Encouraging managers to focus on employee perceptions about the organisational support and job embeddedness emphasises the importance of forging a partnership with employees where employee preferences guide management practices (Morrow 2011:28). According to Blau (1964:12), good management practices function as a stronger underlying explanation for why employee performance is based on social exchange theory.

#### **4.4.6 Job satisfaction**

Morrow (2011:30) and Morrow *et al.* (2012:101) commented that job satisfaction (JS) in particular has received a generous amount of attention in research. Many research efforts have been directed toward unraveling relationships between OC and JS. Bateman and Strasser (1984:96) and Curry, Wakefield, Price and Mueller (1986:848) tried to elucidate the causal ordering of JS and OC among those working in the nursing fraternity. Bateman and Strasser (1984:95) found no longitudinal evidence to support JS as an antecedent of OC and further, the evidence seems more supportive of the view that OC was an antecedent of JS. In contrast, Curry *et al.* (1986:849) found no proof to augment that either construct was causally related to the other. With a similar goal in mind, Dougherty, Bluedorn and Keon (1985:260) scrutinized OC in conjunction with JS, intention to quit and turnover. Similar to the previous two studies, they found no proof to document JS as a cause of OC within four different samples. Wong, Hui and Law (1995:243) further support this conclusion as they found no support for JS as a predictor of OC among a Hong Kong university's graduates. Farkas and Tetrick (1989:856) concluded that JS and OC might be either cyclically or reciprocally related. Thus, despite this, the relative importance of JS and OC could still not be definitively determined.

There is a plenty of research directed toward promoting OC among recruits and new hires just beginning their work lives. However, for today's employment patterns, where employees can anticipate to hold multiple jobs and work for numerous organisations over their careers, better strategies are needed for achieving high levels of JS and thereby increasing OC amid individuals who may be shielded in allowing themselves to become organisationally committed. While recognising that the issue of time is required for the norms of reciprocity to develop, better selection and early socialisation techniques are also required. This review has revealed that hiring employees with a propensity for high OC, who have engaged in prior career exploration, who have secured job knowledge in advance, and who possess a proactive personality will demonstrate higher levels of JS and subsequently high OC. Similarly, early work experiences that meet expectations were shown to be important. Organisations that rely on short term or contract employees might also work more intently to provide more opportunities for such employees to develop high JS. They could, for example, provide opportunities for social integration with permanent employees, promote role clarity, provide explicit communication about how the performance appraisal system functions and demonstrate organisational support for personal goals (Morrow 2011:30). This may necessitate

forging explicit partnerships with external employee providers. These recommendations are further supported by Cappelli (2000:103) who reports anecdotal proof of employees who have positive experiences with short-term employment. Relationships exhibit strong JS and high OC to their employers when flawless organisational expectations were communicated and a meaningful work experience was provided. Achieving a favourable stance among employees who only work for an organisation briefly can facilitate organisational good reputation and JS (Cappelli 2000:103).

Nevertheless, on the theoretical front, what seems to be necessary is a re-consideration of the bases of exchanges that are presumed to underlie OC. In addition, Coyle-Shapiro and Shore (2007:167) have recommended that other types of exchanges other than those based on social exchange and inducements-contributions models might provide other options for employers seeking OC from their employees. They acknowledged communal exchange (where benefits are given to meet the needs of the other party without expectation that the benefits will be reciprocated) and economic exchange, which emphasizes on scarce and restricted obligations that define the basic anticipations surrounding the employment affiliation.

## **4.5 THEORY RELEVANT TO ORGANISATIONAL COMMITMENT**

Social identity theory (SIT) has been used in this study to explain OC. This is because social identification leads to loyalty, belongingness, support for the organisation and ultimately the intention to stay. SIT leads to outcomes that are traditionally associated with group formation and reinforces the antecedents of identification. Organisational identification has long been recognised as a critical construct in the literature of organisational behaviour affecting both the satisfaction of the individual and the effectiveness of the organisation (Ashforth & Mael 1989:20). In this regard, social identities are often developed through social interactions (Li, Xin & Pittutla 2002:321) and, therefore, can be used to explain commitment in organisations.

### **4.5.1 Social Identity Theory**

The extant literature indicates that the SIT is drawn from intergroup theory, which was developed by social psychologists to describe the effect of group membership on intergroup behaviour (Carmon, Miller, Raile & Roers 2010:210). According to SIT people tend to classify themselves and others into various social categories. These categories include organisational membership, religious affiliation, gender and age cohort. Ashforth and Mael (1989:20) defined

social identification as a perception of oneness with a group of persons. This stems from the categorisation of individuals, the distinctiveness and prestige of the group, the salience of out groups and the factors associated with group formation. This leads to activities that are congruent with the identity, support for institutions that embody the identity, stereotypical perceptions of self and others and outcomes that are traditionally associated with group formation (Ashforth & Mael 1989:22). According to the SIT, an individual does not have a single personal identity, but multiple social identities (Tajfel & Turner 1979:33; Terry, Hogg & White 1999:225; Hogg & Vaughn 2002:6). One's social identity is formed as an individual places oneself into distinct social categories based on similarities with these groups, such as students, Christians, or females (Scott 2007:123). It is also through this process that individuals develop their organisational identities, a specific type of social identity through comparing themselves with others in their organisations and reflecting on these comparisons over time.

#### **4.5.2 Applying Social Identity Theory to SMEs in Zimbabwe**

Relating the SIT to the current research context, this study submits that, for instance, employees in SMEs can develop organisational identities to their current organisation based upon their comparisons of their SME and other SMEs (Carmon *et al.* 2010:212). This implies that when employees find their group identity with an SME to be important to them, an attempt is made to distinguish themselves from other SMEs (Abrahams, Hogg, Hinkle & Otten 2005:100). Thus, a group of employees belonging to one SME may feel more attached to their SME hence their overall organisational identity (Hogg, Abrahams, Otten & Hinkle 2004:253). It is, therefore, submitted in this study that the more favourable the comparisons of an organisation an employee perceives of his or her SME or the more distinct it is from other SMEs, the stronger the expected foundation of a positive social identity. It is anticipated also that stronger organisational identity in SMEs is forged when individual employees perceive their values to match that of the organisation. In this case, workplace interactions and organisational value congruence fosters organisational identity in the SMEs context (Pratt 1998:171). However, when an employee does not identify with an organisation, it can lead to distrusting organisational information or to interpretation of information in a way that reinforces feelings of disidentification (Dukerich, Kramer & Parks 1998:245).

### **4.5.3      Consequences of Social Identity Theory**

Organisational identification, therefore, seems to be a specific type of social identification that elicits perceptions of shared values, belonging and loyalty to an organisation (Cheney 1982:8). Burke (1937:140 & 144) maintains that individuals naturally respond to divisions by identifying with other individuals or groups and identification essentially becomes “the function of sociality...one’s participation in a collective, social role cannot be obtained in any other way”. Identification, therefore, is important for employees who must navigate inevitable divides in order to find their fit within SMEs. By developing an overall organisational identity, people are able to develop a strong sense of cohesion among family member employees and perhaps encourage other employees to buy into their vision and values (Zellweger, Eddleston & Kellermanns 2010:55). Social identification not only encourages participation in organisational decision making, but also encourages the development of a strong sense of identification with SMEs (Zellweger *et al.* 2010:55). If SMEs succeed in creating a sense of belonging and identification for member employees, the perception that employees have been let into the SME may be enough to create a sense of commitment.

This sense of commitment in SMEs is based partially on an obligation to continue employment with an organisation and the perception that staying with an organisation is the right thing to do (Meyer & Allen 1991:62; Fields 2002:10). As organisational identification increases, it positively influences a variety of work attitudes, behaviours and outcomes. Organisational identification is linked theoretically and empirically to motivation, decision making, employee interaction and length of service (Cheney 1983:342); turnover and turnover intentions (Mael & Ashforth 1992:103; Van Dick, Christ, Stellmacher, Wagner, Ahlsweide & Grubba 2004:351) and job satisfaction and performance (Carmeli, Gilat & Waldman 2007:972). Organisational identification plays an important role in employees’ well-being, satisfaction and productivity (Gautam, van Dick & Wagner 2004:301) and, therefore, has promising potential for increasing organisational commitment (Scott *et al.* 2007:1597; Van Dick *et al.* 2004:353).

Becker (1992:233) noted that one of the primary motives for commitment to an organisation is identifying with the organisation. Individuals who embrace their organisation’s goals and missions through identification processes are more likely to remain committed to their organisations than individuals who do not (Van Dick *et al.* 2004:354). Ellemers, Spears, and Doosje (1997:618) found that individuals who had stronger in-group identification were more likely to display commitment to their work groups. Therefore, if an employee begins to identify

with an organisation, particularly if they perceive they are a member of the in-group then it is likely they will also begin to feel more committed to the organisation and stay within the organisation.

## **4.6 INTENTION TO STAY IN AN ORGANISATION**

The questions that challenge academics and human resource practitioners alike are Why do people leave their jobs? and Why do they stay in their jobs? Over the years, researchers have developed partial answers to these questions (Mitchell, Holtom, Lee, Sablinski & Erez 2001:1102). It is important to note that intention to stay and intention to leave are opposite sides of the same coin. Most researchers now accept the premise that intention to stay or leave a job with a particular employer is the final cognitive step in the decision making process of voluntary turnover (Mitchell *et al.* 2001:1104; Mustapha, Ahmad, Uli & Idris 2010:61; Ucho, Mkavga & Onyishi 2012:378). Perhaps, given alternatives, people stay if they are satisfied with their jobs and committed to their organisations and leave if they are not. However, empirical evidence indicates that work attitudes play only a relatively small role in employee tenure or turnover intentions (Hom & Griffeth 1995:12; Griffeth, Hom & Gaertner 2000:463). Drawing from the extant literature, the current study defines employee intention to stay as the employee's willingness to remain in an organisation. It shows the employee's level of commitment to an organisation and the willingness to remain employed within the same organisation (Egan, Yang & Barlett 2004:90; Mustapha *et al.* 2010:61; Ucho *et al.* 2012:378).

### **4.6.1 Antecedents of intention to stay in an organisation**

What drives SME employee's intentions to stay at their workplace? This study conducts a systematic review of current state of research into the intention of SME employees to stay. So many factors or antecedents contribute to employee's decision to stay on the job. These factors include individual factors, organisational factors, job related factors, psychological factors, environmental factors and last but not least commitment.

### **4.6.2 Individual factors**

Ghapanchi and Aurum (2011:242) classified individual factors in relation to demographics, human capital, personal attributes and professional behaviour. Demographics, for example, include age, gender and marital status. The human capital elements includes among others, education and organisational tenure intentions. Motivational attributes include the need for

achievement and career orientation. Professional behaviour includes job performance and relationship with others. According to Rasch and Harrell (1989:13), “personnel who possess relatively high achievement needs... are likely to experience less work stress, greater job satisfaction and lower rates of voluntary turnover than their contemporaries”. In addition, individual related factors affect SMEs personnel’s intentions to leave their workplaces. In the study done by Igbaria, Meredith and Smith (1995:319), the results show that the most commonly cited factors from the literature are organisational tenure, age, education and gender. In career orientation, organisations, which offer more flexibility, challenging and greater freedom and personal growth, are less likely to have a higher rate of employee turnover.

#### **4.6.3           Organisational factors**

Organisational factors are those factors related to individuals’ perceptions of their organisation (Mitchell, Holtom, Lee, Sablynski & Erez 2001:1102). Ghapanchi and Aurum (2011:243) states that this category comprises three sub-categories, namely remuneration and benefits for example, salary and career advancement, human resource practices, that is, training opportunities, distributive justice, organisational culture, socialisation tactics and building of teamwork. Of all the organisational related factors affecting SME employees’ intentions to stay, salary is the most frequently cited factor (Mustapha *et al.* 2010:62). To a lesser extent, the literature considers that fairness of the reward and promotability can also affect SME employee’s intentions to stay (Ucho *et al.* 2012:340). Korunka, Hoonakker and Carayon (2008:414) noted that in training opportunities, “human resources practices like training can contribute to quality of working life and lower turnover intention”. Organisations should take note that lack of teamwork and cooperation can lead to employees leaving their current employer (Longenecker & Scazzero 2003:61). Politics and infighting in a workplace has also been noted as a major reason that make employees leave their current employer (Longenecker & Scazzero 2003:61).

#### **4.6.4           Job related factors**

As the name stipulates, job-related factors impacting on SME employees’ intentions to stay are those concerning their jobs. Job-related factors can be further classified into job characteristics, which are task identity and boundary spanning activities, job social support, which include supervisor support, job difficulties, that is, work stress including role ambiguity and job attractiveness (utility of the present job) (Ghapanchi & Aurum 2011:239). Mitchell *et al.*

(2001:1109) noted that among SME employees, intentions to quit, role conflict, role ambiguity and autonomy are most frequently studied in the literature, followed by perceived workload, job feedback, and boundary spanning activities. It is important to note that seeing one's work as part of a complete whole (task identity) makes the job more meaningful. Thus it could help reduce work exhaustion and as a result, turnover will also be reduced (Macknight, Phillips & Hardgrave 2008:7). If there is high social support from colleagues in Zimbabwean SMEs for example job satisfaction will be high and ultimately low turnover rate (Lee 2002:147).

#### **4.6.5 Psychological factors**

The fourth category, psychological factors is composed of four sub-categories: overall job satisfaction that is career satisfaction and organisational satisfaction, overall organisational commitment, that is continuance commitment and professional commitment, tedium, certainty and employment stability and perceived job concern, which includes career concern, image violation and employment shock. Of the psychological factors influencing SME employee's intentions to stay, JS was the most frequently cited, followed by OC (Ghapanchi & Aurum 2011:238). According to Thatcher, Liu, Stepina, Goodman and Treadway (2006:135) satisfaction with supervision and pay are frequently cited hygiene factors linked to employee motivation and turnover. Future job uncertainty, image violation and employment shock may make SME employees have negative feelings that in turn might lead to job search and employee turnover (Niederman, Summer, Carl & Maertz 2007:331).

#### **4.6.6 Environmental factors**

Environmental factors influencing SME employees' intentions to stay are those factors external to the workplace that affect employees (Ghapanchi & Aurum 2011:242). Family and friends (for example, family and friends support), perceived job alternativeness (for example, utility of alternative job), and technology advancement (for example, threat of professional obsolescence) are sub-categories of the environmental factors category (Ucho *et al.* 2012:379). Environmental factors impacting on SME employees' intentions to stay in their employment, no job alternative has been most frequently studied. No job alternative is defined as an employee's perceived intention to stay in the SMEs without looking for other alternatives in other organisations (Lacity, Iyer & Rudramuniyaiah 2008:225). Research has shown that social support from family and friends is positively related to job satisfaction and thus might lower turnover chance (Lee 2004:323). According to Armstrong, Riemenschneider, Allen and Reid

(2007:142) the issue of managing family responsibilitie is a key factor influencing women's advancement opportunities and voluntary turnover.

#### **4.6.7 Commitment**

As stipulated earlier in this chapter (Section 4.2.1) committed employees have a sense of belonging and identification with their organisation (Ohana & Meyer 2010:446; Jones & McIntosh 2010:290; Cramon *et al.* 2010:210; Morrow 2011:18; Nordin 2011:18; Ghapanchi & Aurum 2011:238; Garwe *et al.* 2012:165; Morrow *et al.* 2012:99). They are thus more involved in the life of their organisation (Meyer & Allen 1991:61). Meyer & Allen (1987:60) noted that one consequence of committed employees is that they could tend to be less minded to quit the organisation. There have been several views on the links between job satisfaction, organisational commitment and intention to stay (Tett & Meyer 1993:259). The more satisfied the employee is, the more likely an employee will be attached to the organisation. Affective commitment has been found to be more essential in organisations than normative or continuance commitment (Morrow *et al.* 2012:101). Organisations where employees have high levels of emotional commitment are more efficient and workers demonstrate greater OCBs are more industrious and are less likely to leave the organisation (Riketta 2009:70).

### **4.7 CONSEQUENCES OF INTENTION TO STAY IN AN ORGANISATION**

Why do SMEs employees in Zimbabwe choose to stay at a company or to leave? What makes SME employees contemplate leaving an organisation? How can employers recruit valued SME employees who will stay longer in an organisation? These questions have been asked for decades as employers face a decreasing pool of talent to meet increasing business needs. The turnover rate is one of the most persistent challenges faced by organisations (Joseph, Kok-Yee, Koh & Ang 2007:548). In some cases SME employees would prefer working for the SME no matter what, to show respect and loyalty. Turnover has negative and positives outcomes in an organisation. The negative outcomes are more obvious, such as direct recruiting and training costs as well as indirect costs due to disruptions in organisational processes (Thatcher, Stepina & Boyle 2003:231; Thatcher, Liu, Stepina, Goodman & Treadway 2006:133). The cost of hiring new employees, lower work quality by new employees and putting a company's reputation at stake are among the other negative consequences of SME personnel leaving a workplace. Furthermore, turnover has the potential to lead organisations to lose individuals

with relevant and valuable work experience, as well as their tacit knowledge about how internal systems operate (McKnight, Phillips & Hardgrave 2008:167). Brown (2000:12) suggested that SME hiring costs, lost salaries, training investments, benefits and tax payments could cost a company US\$ 100,000 per senior SME employee who quits the organisation within 180 days of joining. As a result of high rates of turnover and associated costs, employers have shifted from perceiving SME employees as a replaceable commodity to considering them as a valued and essential assets (Thatcher *et al.* 2003:233).

The benefits of SME turnover on the other hand, are less well understood. Replacement workers are often paid lower salaries than those that they replace. Recruiting new blood results in the infusion of new knowledge, ideas and experience into the company and enhanced opportunities for promoting those who stay (Ghapanchi & Aurum 2011:240; Ucho *et al.* 2012:380). Overall, SME turnover costs organisations money. Although some turnover is unpreventable such as employees leaving for medical reasons, many other reasons for leaving a job are generally considered avoidable. Hence, it is important for company management to understand what factors influence SME employee turnover in order to control turnover in their organisations.

## **4.8 THEORIES RELATED TO EMPLOYEE INTENTION TO STAY**

There are many theories related to employee intention to stay. This study will only focus on two theories, which are essential to the study under consideration. The two theories are BRT and TPB. These two theories concluded that employees stay on the job after careful thinking, justifying and defending themselves. This stimulates and safeguards their self-esteem.

### **4.8.1 Behavioural Reasoning Theory**

Employee's intent to stay on their jobs after careful thought and also after doing cost and benefit analysis is crucial. The predominant theoretical suggestion in behavioural reasoning theory (BRT) positions that motives serve as crucial linkages between people's beliefs, motives, intentions and behaviour (Westaby 2005:97). Likewise, the theory accepts that reasons impact on global motives and intentions, because they help individuals validate and preserve their actions. Practically, the framework also differentiates between motives and context-specific beliefs and reasons (Lee & Gould 2012:829). Universal motives are defined in BRT literature as fundamental factors that consistently influence intentions across diverse behavioural

domains (Zellweger, Sieger & Halter 2011:532). Ajzen (2001:27) showed that attitude, subjective norm, and perceived control are included under this classification, because they are estimated at a wider level of abstraction and have significantly anticipated intentions across several studies. Ajzen (1991:191) referred to the direct estimates of attitudes, subjective norms, and perceived behavioural control (PBC) as worldwide constructs or motives. BRT classifies these antecedent factors like attitudes, subjective norms and perceived behavioural control (PBC) as global motives because they are relatively broad substantive factors that consistently influence intentions across diverse behavioural domains (Zellweger *et al.* 2011:524). According to Ajzen (2001:28), these universal motives have provided a robust prediction of intentions in various studies. Thus, BRT integrates these vital constructs in its modeling of behaviour.

Forward (2009:199), argued that context-specific dogmas and reasons are contextualised to the specific behaviour under examination. This is often done through elicitation enquiry. In this case, a person may use several context specific reasons to explain his or her behaviour, in contrast to the person's global attitude toward the behaviour.

#### **4.8.2        Origins of Behavioural Reasoning Theory**

The first connection in BRT is unswerving with past behavioural intention models, such as the theory of reasoned action (Fishbein & Ajzen 1975:25). Fishbein and Ajzen (1975:26) have defined intention as a “person's location on a subjective probability dimension involving a relation between himself and some action” (1975:288).

The underlying psychological assumption driving the linkage between intentions and behaviour is that most human behaviour is under volitional control, which means behaviour is controlled by what is in the mind at that time (Ryan 1970:11). Intentions are also used to mediate the effect of other cognitive, affective and contextual variables for the prediction of behaviour in past behavioural intention models (Forward 2009:199). Thus, the effect of such variables on behaviour is presumed to be funneled through reasons, which directly drive behaviour. Theoretical models employing some of these constructs include the transtheoretical model (Prestholt, Lane & Mathews 1987:221), decisional balance theory (Janis & Mann 1977:15), cost-benefit models (Carlson, Connerley & Mecham 2002: 461; Thaler 1999: 183), reasons theory (Westaby & Fishbein 1996:1307), Weld theory (Lewin 1951:10), the health-belief model (Janz & Becker 1984:2), and models with facilitating or constraining conditions

(Triandis 1977:11; Steel & Mento 1986:254; Harrison & Liska 1994:47; Ventakesh, Morris, Davis & Davis 2003:425). A striking feature of the reason conceptualisation is that it subsumes other dichotomised dimensions. Specifically, reasons can represent not only people's pro or con and benefit or cost explanations, but also their facilitator or restriction explanations (Lee & Gould 2012:830).

#### **4.8.3        Definition of Behavioural Reasoning Theory**

Lee and Gould (2012:830) argued that as an exceptional expectation, reasons are expected to predict global motives, presumptively through justification and defense mechanisms. A person might opt to quit a job after having justifiable reasons like low salary and poor working conditions. It is vital to consider that these mechanisms are further expected to allow reasons to directly predict intentions beyond that explained by global motives. However, reasons are not presumed to exist in isolation from people's beliefs and values. Instead, the reasons why people use to influence and sustain their behaviour are presumed to result from the processing of their beliefs and values (Zellweger *et al.* 2011:532). As a final point, BRT theorises that reasons become reinforced after behaviours are enacted, in accordance with dissonance theory and may be used to upkeep, falsify, or rationalise employee behaviour (Westaby 2005:99). If a person changes behaviour like coming to work late the reasons like low salary, organisational politics and poor working conditions will be used to support such kind of negative behaviour. Reasons are further theorised to partake dualistic broad sub-dimensions: "reasons for" and "reasons against" performing a behaviour (Forward 2009:199).

Roe, Busemeyer and Townsend (2001:370) cemented that this uniqueness is supported by several psychological models that propose a twofold differentiation of motivational forces. These conflicting forces have been represented in past studies as pros and cons, benefits and costs, and facilitators and constraints, obstacles or barriers (Zellweger *et al.* 2011:524). Therefore, reasons are conceptualised to capture a wide array of specific factors in the complete clarification set. Hypothetically, it is also crucial to articulate the conceptual difference between "beliefs" and "reasons." Fishbein and Ajzen (1975:131) stated that beliefs refer to a person's subjective probability judgments concerning some discriminable aspect of the world. Although beliefs are broadly construed and represent many forms of thought, reasons more intently focus on the cognitions people use to explain their behaviour (Forward 2009:199). Likewise, reasons are specific cognitions connected to a behavioural clarification whereas beliefs are not constrained to the context of behavioural justifications alone (Westaby &

Braithwaite 2003:415). Precisely, in relation to behavioural intention models, beliefs represent a person's subjective probability that employee behaviour could lead to a wide array of consequences in the future. In contrast, reasons symbolize the subjective probability that a specific factor is part of the person's behavioural enlightenment set (Zellweger *et al.* 2011:525). In the long run, beliefs and reasons can also be distinguished through the temporal orientation they may take in from memory (Fishbein & Ajzen 1975:11). According to old-style theorising, behavioural beliefs use present conditions to make contingency estimates about the future (Fishbein & Ajzen 1975:12; Naylor, Pritchard & Ilgen 1980:35).

#### **4.8.4 Consequences of Behavioural Reasoning Theory**

Numerous academic methodologies suggest that people's reasons serve as the underlying causes of behaviour (Ryan & Connell 1989:749; Greve 2001:435). Initially, the theory of explanation-based decision making (Pennington & Hastie 1993:123) stipulates that people use reasons to sustain the acceptability of decision alternatives. The more an explanation for a given decision alternative is logically plausible with strongly supported reasons, the more likely the person will choose that alternative with confidence (Pennington & Hastie 1988:521; 1992:190). Secondly, reasons theory (Westaby & Fishbein 1996:1307) suggests that reasons stimulate behaviour, because they help people substantiate and protect their actions (Westaby 2005:100). Thus, individuals should feel better about themselves when they have justifiable reasons to support their anticipated behaviour (Pieters & Zeelenberg 2005:18). Thirdly, past theory and research propose that people use justifiable reasons for "pursuing a particular goal" (Baggozzi, Bergami & Leone 2003:918) and that such justifications are critical in the reasoning process (Pieters & Zeelenberg 2005:18). Fourthly, recent versions of the functional approach to motivation are "explicitly concerned with the reasons and the purposes, the plans and the goals that underlie and generate psychological phenomena" (Clary, Snyder, Ridge, Copeland, Stukas & Haugen 1998:1516). Katz (1960:163) and Snyder (1992:15) stipulated that according to functional theory, any attempt to change behaviour would thrive only if that attempt addresses the specific functions or reasons underlying the behavior. Current operationalisations of this approach have also measured functions as the reasons for indulging in the behaviour (Clary *et al.* 1998:1517; Rioux & Penner 2001:1306). Lastly, reasons may be influential because they help individuals make sense of their world by providing them with causal explanations for their behaviour, the behaviour of others and causal relationships in their situation (Zellweger *et al.* 2011:524). In summary, as stipulated above, BRT postulates that individuals frequently search

for behavioural options in memory that have the most justifiable and defensible set of reasons. When those alternatives are recognised, decisions can be executed with confidence. In the analytical formulation of BRT, reasons are defined as the specific subjective factors people use to explain their expected behaviour (Lee & Gould 2012:829).

#### **4.8.5 Applying Behavioural Reasoning Theory to SMEs**

If one engages in behaviour B, it will lead to outcome O. The same generally applies to the normative and control beliefs (Fishbein & Ajzen 1975:13). Reason perceptions, in contrast, can place an individual in the mindset of the future with the individual making likely provenances for that future state by assessing the present. Hence, they can also be backward facing, for example, if one will have been involved in behavior B, it will likely have been because of reason R. The following example can help to illustrate how beliefs and reasons can act differently in memory: A worker can strongly believe that his or her remaining in a company would result in meaningful work, respectful pay and improved benefits (that is multiple strong beliefs). The worker also values extremely all of these outcomes (that is multiple strong values). Nonetheless, when asked to explain his or her likely reasons for remaining or not staying in the company, the employee states that his or her spouse's need to transfer will be the ultimate reason for deciding not to stay (one strong reason). In this illustration, the reason openly describes the toughest and most central cause in the person's estimated explanation, whereas the other beliefs and values do not become reasons in the person's explanation. In all, these conceptual arguments presume that reasons can tap different psychological orientations underlying behaviour than traditional belief concepts (Lee & Gould 2012:829). Pragmatic evidence has also reinforced the construct validity of reason concepts in contrast to traditional belief concepts. For instance, research has shown that individuals respond to reason scales differently than traditional belief scales, such as expectancy and value (Westaby 2002:1084), control beliefs (Westaby & Braithwaite 2003:416) and attribute importance (Westaby 2005:568). In these studies, reason concepts also confirmed incremental predictive validity in comparison to traditional belief concepts. According to Lee and Gould (2012:829) reasons are not alleged to exist in isolation from beliefs and values. Instead, reasons are theorised to result, in part, from individuals' processing of their beliefs and values. As stated above, employees in SMEs behave the way they do because of the reasons and beliefs that they have. They feel attached and as part and parcel of the SMEs due to certain reasons like commitment, high OCBs and work spirituality.

#### **4.9**

#### **THEORY OF PLANNED BEHAVIOUR**

Theory of planned behaviour (TPB) originated from social psychology and posits that intention, a function of behavioural beliefs is a significant predictor of subsequent behaviour. TPB is a well-researched intention model that has proved successful in predicting and explaining behaviour across a wide variety of domains (Mahmud & Osman 2010:121; Yoon 2011:406; Hsu 2013:477). TPB was developed by Ajzen and Fishbein (1980:11) basing it on the expectancy-value model and it was expanded from the TRA. Unlike the TRA, TPB indicates that behaviour intention reflects the willingness to conduct specific behaviour and is the best indicator to predict individual's behaviour.

The TPB provides a useful framework for addressing the relationship between attitude and behaviour. It proposes that in order to predict a specific behaviour, attitudes, subjective norm, perceived behavioural control and behavioral intention in relation to that behavior need to be taken into consideration (Yoon 2011:406). Subjective norm is an individual's perception of how significant others will approve of their behaviour, perceived behavioural control is the perception of how easy or difficult it is to perform the behaviour and behavioural intention is willingness to carry out the given behaviour. TPB predicts that the behaviour is more likely to be performed if each component is favourable to the behaviour. Specifically, the model posits that behavioural intention is determined by attitudes, subjective norm and perceived behavioural control. In turn, behaviour is determined by attitudes, subjective norm and perceived behavioural control, mediated by behavioural intention.

This theory is similar to the BRT though it has differences. TPB explains the intention to act and seeks to understand the psychological determinants of behaviour. It is an extension of TRA (Ajzen 1985:11; 1991:179; Ajzen & Madden 1986:453). TRA assumes that individuals are rational and make decisions using all available information (Fishbein & Ajzen 1975:12; Ajzen & Fishbein 1980:9). According to TRA, intention is a predictor of volitional behaviour (Volition or will is the cognitive process by which an individual decides on and commits to a particular course of action) (Ajzen 1988:30; Bagozzi & Yi 1989:266) and is affected by attitude and subjective norms (Ajzen 1985:12). One of the limitations of the TRA is that it assumes that behaviour is under total volitional control. Although a person may intend to perform a behaviour, he/she may be prevented from acting because of time constraints, limited resources and inadequate opportunities (Ajzen 1985:12). TPB meta-analysis studies demonstrate that TPB, when added to the TRA model, increases the predictive power of intention (Ajzen &

Madden 1986:454; Ajzen 1991:180; Godin & Kok 1996:87; Hausenblas, Carron & Mack 1997:37; Warburton & Terry 2000:245; Albarracin, Johnson, Fishbein & Muellerleile 2001:142; Armitage & Conner 2001:471; Hagger, Chatzisarantis & Biddle 2002:3). A person's intention to perform a behaviour or complete an actual behaviour is predicted by attitude and subjective norms. Intention can also predict behaviour if no change in intention occurs before performing the behaviour. Coming to work late everyday despite warnings might predict that the employee no longer cares for the job whether dismissed or resigned from the organisation. This might also be a sign that the worker is looking for another job elsewhere. Barriers or controls such as lack of transportation and time constraints affect programmed participation (Slezak 2000:12; Bermudez & Tucker 2004:22).

Originally, the beliefs-based construct was adopted from expectancy-value theory (Fishbein & Ajzen 1975:15). A person's decision to perform or not to perform behaviour is based on relevant beliefs. Beliefs are important in both TRA and TPB because they provide the cognitive and affective foundations for attitudes, subjective norms, and perceived behavioural control (PBC) (Ajzen 2002:665). Three belief-based measurements of the TPB include behavioural beliefs, normative beliefs and control beliefs. Behavioural beliefs refer to the subjective probability that an individual's behaviour will yield a specific consequence (Ajzen & Fishbein 1980:13). Normative beliefs focus on the likelihood that influential individuals or groups would approve or disapprove of the behaviour (Ajzen & Madden 1986:454). Control beliefs focus on factors that facilitate or inhibit performance of the behaviour and the perceived power of these factors (Ajzen 1985:15). Ajzen (1991:181) showed that PBC is a function of control beliefs, which are the individual's perception of the ease or difficulty of performing the behaviour.

#### **4.9.1            Behavioural intention**

Behavioural intention refers to the intention of an individual to take an action. Intention is measured through the person's willingness and efforts to meet their goals, that is, behavioural intention is the subjective ratio for an individual to demonstrate certain behaviour (Ajzen & Fishbein 1980:8). This variance is then used to predict or explain the demonstration of actual behaviour. TPB suggested that attitude, subjective norm and perceived behavioural control determine the behavioural intention of individuals. Hence, it is clear that when an individual holds a positive attitude, subjective norm and perceived behavioural control, he or she would have higher behavioural intention. Intentions are indications of how hard people are willing to try, of how much an effort they are planning to exert in order to perform a behaviour (Ajzen

1991:179). As a rule, the stronger the intention to engage in a behaviour the more likely should be its performance. Behaviour intention consists of three constructs, which are attitudes (AT), subjective norms (SN) and perceived behavioural control (PBC)

#### **4.9.1.1 The determinants of intention**

The determinants of intention are attitude, subjective norm and perceived behavioural control.

#### **4.9.1.2 Attitudes**

Attitude refers to the evaluation, sentimental feeling and behavioural intention of the long lasting preference an individual has toward something or a way of thinking (Mahmud & Osman 2010: 120). Ajzen and Fishbein (1980:18) pointed out that the importance of attitude lies in its high relevance to behavioural expression. Attitude can be used to predict the possibility of behaviour. Attitude is a positive or negative evaluation of an individual toward certain behaviour and it directly impacts on behavioural intention and further influences actual behaviour (Ajzen & Fishbein 1980:18). Attitude may be considered as consisting of both cognitive (beliefs) and affective (feelings) dimensions (Mahmud & Osman 2010:120). Ajzen and Driver (1992:208) used TPB to investigate the participation of college students in beach activities, outdoor jogging, mountain hiking, boating and biking and found that attitude and subjective norm both can effectively predict behavioural intention and attitude positively. Attitude, therefore, positively influences behavioural intention. Studies on sports leisure behaviour conducted by Rhodes, Lee and Courneya (2002:194) as well as the studies on construction of the behavioral tendency model of tourists in Kinmen by Li, Qian and Qian (2012:941) confirmed the relationship between positive attitude and behavioral intention.

#### **4.9.1.3 Subjective norm**

Subjective norm refers to the social pressure perceived by individuals when a certain behaviour is demonstrated (Yoon & Lawler 2005:33). Subjectivity is composed of a belief norm and motive while norm is the influence of social environment on individual behavioural intention. Subjective norms are a product of whether an individual believes other meaningful people approve or disapprove of the behaviour and their motivation to comply with those people. Compliance motive refers to the compliance level of individuals with the opinions of others or groups. Thus, stronger subjective norm results in higher behavioural intention. In terms of the compliance of individuals to opinions of others or groups, this study simply refers to the compliance with the reference group. Ajzen (1986: 33), Ajzen and Madden (1986:453) and

Ajzen (2001:27) in their relevant studies all concluded that the stronger the influence of social environment on individuals, the higher the acceptance of opinions of others or social groups and behaviour intention. That is to say that the subjective norm of a certain behaviour of an individual will directly impact on his or her behavioural intention. Yu, Li and Wu (2005:355) and Kinmen (2004:19) reported that subjective norm has a positive influence on behavioural intention.

#### **4.9.1.4 Perceived behavioural control**

PBC refers to the control ability of individuals for required resources and opportunities when demonstrating behaviour. It is the perception of how easy or difficult it is to perform a behaviour. PBCs determined by an individual's control beliefs and the perceived power (Perry & Langeley 2013:182). PBC also impacts on the demonstration of behaviour. Ajzen and Driver (1992:207) and Ajzen (2001:28) found that explanatory power can be effectively enhanced when incorporating PBC in their research models and the subjective norm of behaviour will positively influence PBC. Ajzen (1991:2001) further indicated that PBC directly impacted behavioural intention; that is, when individuals would like to take action but do not have the actual control power, they are unable to behave accordingly. In terms of leisure sports behaviour, perceived behavioural control has been proven with significant influence of behavioural intention. Lu and Cheng (2008:57) pointed out that PBC has a significant influence on behavioural intention.

Bloom (1964:8) first revealed that past behaviour is a predictor of current behaviour. On the other hand, Ajzen (1991:179; 1999:12) stated that the theory of planned behaviour is, in principle, open to the inclusion of additional predictors if it can show they capture a significant proportion of the variance in intention or behaviour after the theory's current variables have been taken into account. Conner and Armitage (1998:1429) reviewed six additional variables of TPB. Past behaviour is one additional predictor variable that strongly affects intention and future behaviour. In Armitage's study past behaviour explained an additional 7 percent of the variance in intention after taking into account attitude (AT), subjective norm (SN) and PBC. Ouellette and Wood's (1998:54) meta-analyses concluded that, in 19 out of 22 studies past behaviour was a significant factor affecting behaviour intention after controlling for attitude (AT) and subjective norm (SN). TPB shows that employees intent to stay on their jobs because of certain reasons, beliefs, values, attitude, subjective norms and past behaviour.

#### **4.9.2 Applying Theory of Planned Behaviour to SMEs in Zimbabwe**

Employees' intent to stay on their jobs in SMEs in Zimbabwe because of their attitudes, subjective norms and perceived behavioural control. Since most SMEs in Zimbabwe are occupied by women they tend to have to stay no matter the hardships because for their families. Women have a caring attitude towards their families. In terms of the subjective norm, people will view any women who leave children for money as devilish in Zimbabwean culture. Women are viewed as a glue that holds the family together, whilst men look for money anywhere in the world. PBC means that women do not have the resources to leave their current jobs and look for jobs worldwide due to financial constraints and low levels of education. Although TPB is generally applicable to human behaviours, it must be modified and alternatives provided to explain some human behaviours such as strike action or go slows (Oh & Hsu 2001:618).

#### **4.10 SYNOPSIS**

To sum up, OC and ITS have been defined differently by different authors. OC will lead to employees' intention to stay on the job. OC is relevant as a determinant of organisational efficiency and effectiveness and ultimately intention to stay on the job. In this review, the SIT theory has been used to explain OC. Improved effort expenditure, higher job satisfaction, reduced absenteeism, retention and OCBs are desirable outcomes of OC. Turnover is not desirable in organisations because it is well known that it is more expense to recruit a new employee than retaining the old ones (Curriwan 1999:495). People stay if they are satisfied with their jobs and committed to their organisations and leave if they are not. Two theories have been used to explain employee intention to stay – behavioural reasoning theory (BRT) and theory of planned behaviour (TPB). Employees stay on their current jobs due to a number of reasons and also after doing cost and benefit analysis to see if there are any benefits attached to quitting the current job. Chapter 5 focuses on the research methodology, which includes the sampling design procedure.

## **CHAPTER 5**

### **RESEARCH METHODOLOGY**

#### **5.1 INTRODUCTION**

Chapters 2, 3 and 4 provided a literature review of the four main constructs of this study, namely OCB, EPE, OC and ITS in an organisation. Theories related to these four constructs were explained and discussed. The theories include JJT, ET, SET, LMX, SIT, BRT and TPB. The preceding chapters explained and discussed how OCB, EPE and OC affected and which should ultimately lead to ITS in Zimbabwean SMEs.

This chapter presents the research paradigms and procedures used to address the objectives, research questions and hypotheses of the study. It thus clearly specifies the research design and methodology employed in the study. The steps and actions taken to ensure reliability and validity of the study are also explained and the procedures used to collect, capture, process and analyse data are discussed. The received wisdom in research methodology is that, in order to make an area of interest researchable, the research design and choice of research methods must be done properly.

#### **5.2 RESEARCH PARADIGMS**

A multitude of research paradigms exist but this study will focus on three, which are positivism, realism and interpretivism. A paradigm is essentially a worldview, a whole framework of beliefs, values and methods within which research takes place. Researchers work within this world view (Quinlan 2011:13). The paradigms have many functions in a research area, which include choice of the research method to undertake.

##### **5.2.1 Positivism**

Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond. The term stretches beyond this principle, though the constituent elements vary among authors (Bryman 2004:11). Positivism is also taken to entail the following functions: first, only phenomena and hence knowledge confirmed by the senses can genuinely be warranted as knowledge (the principle of phenomenalism). Secondly, the purpose of theory is to generate hypotheses that can be tested

and that will thereby allow explanations of laws to be assessed (the principle of deductivism). Thirdly, knowledge is arrived at through the gathering of facts that provide the basis for laws (the principle of inductivism). Fourth, science must (and presumably can) be conducted in a way that is value free (that is objective). Fifth, there is a clear distinction between scientific statements and normative statements and a belief that the former are the true domain of the scientist. This last principle is implied by the first because the truth or otherwise of normative statements cannot be confirmed by the senses (Bryman 2004:11).

### **5.2.2 Realism**

Realism shares two common features with positivism: a belief that the natural and the social sciences can and should apply the same kinds of approach to the collection of data and to explanation and a commitment to the view that there is an external reality to which scientists direct their attention. There are two major forms of realism, namely empirical realism and critical realism. Empirical realism asserts that through the use of appropriate methods, reality can be understood. This version of realism is sometimes referred to as naïve realism to reflect that there is a perfect (or at least very close) correspondence between reality and the term used to describe it. As such, it fails to recognise that there are enduring structures and generative mechanisms underlying and producing observable phenomenon and events and is, therefore, superficial (Gill & Johnson 2010:191). However, critical realism and empirical realism helps the researcher to choose appropriate research methods in solving the problem.

Critical realism, on the other hand, is a specific form of realism whose manifesto is to recognise the reality of the natural order and the events and discourses of the social world and holds that “we will only be able to understand and so change the social world if we identify the structures at work that generate those events and discourses...” (Bryman 2004:12). These structures are not spontaneously apparent in the observable pattern of events but they can only be identified through practical and theoretical work of the social sciences. What makes critical realism critical is the identification of generative mechanisms that offer the prospect of introducing changes that can transform the status quo (Gill & Johnson 2010:190).

### **5.2.3 Interpretivism**

Interpretivism is a term that usually denotes an alternative to the positivist orthodoxy that has held sway for decades. It is predicated upon the view that a strategy is required that respects

the differences between people and the objects of the natural sciences and, therefore, requires the social scientist to grasp the subjective meaning of social action. The function of positivism, realism and interpretivism, in general, is that they guide and help researchers to choose and decide whether quantitative or qualitative research will be undertaken and to be well equipped with relevant tools for the research to be a success. Quinlan (2011:13) postulated that the design of a research project begins with the selection of a topic and a paradigm. The way in which they help the researcher is shown clearly in Table 5.1.

**Table 5.1: Research paradigms**

	<b>Positivism</b>	<b>Realism</b>	<b>Interpretivism</b>
Ontology	Naïve realism: social reality is real and knowable (as if it were a thing).	Critical realism: social reality is real but knowable only in an imperfect and probabilistic manner.	Constructivism: the knowable world is that of meanings attributed by individuals. Relativism (multiple realities): these constructed realities vary in form and content among individuals, groups and cultures.
Epistemology	Dualism-objectivity. True results. Experimental science in search of laws. Goal: explanation, Generalisations: natural immutable laws.	Modified dualism-objectivity. Results probabilistically true. Experimental science in search of laws. Multiplicity of theories for the same fact. Goal: explanation, generalisations: provisional laws open to revision.	Non-dualism, non-objectivity. Researcher and object of study are not separate but interdependent. Interpretive science in search of meaning. Goal: comprehension. Generalisations: opportunity structures, ideal types.
Methodology	Experimental-manipulative. Observation, Observer-observed detachment. Mostly induction. Quantitative techniques. Analysis by variables.	Modified experimental manipulative. Observation. Observer-observed detachment. Mostly deduction (disproof of hypotheses) Quantitative techniques with some qualitative. Analysis by variables.	Empathetic interaction between scholar and object studied. Interpretation observer-observed interaction. Induction (knowledge emerges from the reality studied) Qualitative techniques. Analysis by cases.

Source: Quinlan (2011:13)

What the problem is, why is it a problem and how do I solve it? These three worldviews are linked to epistemology, ontology and methodology as indicated in Table 5.1.

Epistemological questions are questions of relationship between who and the what? What is the problem? Epistemology is derived from two Greek words, *episteme*, which means knowledge or science and *logos*, which means knowledge, information, theory or account. Epistemology is usually concerned with knowledge about knowledge. It is the criteria by which one establishes what is known, what does and does not constitute warranted or scientific knowledge (Gill & Johnson 2010:191). An epistemological issue concerns the question of what is (or should be) regarded as acceptable knowledge in a discipline. On the other hand the ontological question is the question of why? Why is it a problem? Ontology is the status of social reality. An ontological position becomes the lens used to see the world as social scientist. As is the case with epistemology, the term is a combination of two Greek words “*ontos*” and “*logos*”. The former refers to “being” whilst the latter refers to the “theory or knowledge” (Gill & Johnson 2010:200). Methodological question is the question of how (How can social reality be studied)? A particular central issue in this context is the question of whether the social world can and should be studied according to the same principles, procedures and ethos as the natural sciences (Quinlan 2011:13). The position that affirms the importance of imitating the natural sciences is invariably associated with an epistemological position known as positivism (Zikmund 2003:93).

Ontological considerations focus on objectivism and this is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social factors (Zikmund 2003:94). Constructionism is an ontological position (often referred to as constructivism) that asserts those social phenomena and their meanings are continually being accomplished by social factors (Henson 2004:8; Gravett 2005:4). It implies that social phenomena and categories are not only produced through social interaction but that they are in a constant state of revision. In recent years, the term has come to include the notion that researchers own explanations of the social world are constructions that are made using the researcher’s judgments. In other words the researcher always presents a specific version of social reality rather than one that can be regarded as definitive (Gill & Johnson 2010:201). Knowledge is viewed as indeterminate. Therefore, constructionism is presented as an ontological position in relation to social objects (Cox & Cox 2009:3).

This study will focus on positivism because as the study is purely quantitative in nature. Variables have been tested to prove or disapprove the hypotheses (See Chapter 6, Section 6.6.5).

### **5.3 PURPOSE OF RESEARCH DESIGNS**

Research design provides a framework for the collection and analysis of data (Singh & Bajpai 2007:12). A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process. These include the importance attached to: expressing causal connections between variables, generalising to a larger group of individuals than those actually forming part of the investigation, understanding behaviour and the meaning of that behaviour in its specific context and having a temporal appreciation of social phenomena and their interconnections.

This study focused on quantitative research approach due to its objectivity when dealing with facts. Structured and closed ended questions were used in this study. Quantitative research tools are reliable and valid. Quantitative research allows researchers to provide statistical facts and estimates about relationships between constructs of research interest and to generalise inferences about the defined target population (Cooper & Schindler 2011:374). Du Plessis and Rousseau (2007:21) view quantitative research tools as systematic and structured, which aim at obtaining information from respondents in a direct and open manner. Results obtained from these research tools are easily quantifiable and the instruments have a potentially high degree of accuracy. A quantitative approach was adopted to establish the relationship between the four variables, which are OCB, EPE, OC and ITS. The approach was appropriate for the study as it enabled the researcher to test and confirm hypotheses and to explain and predict the effect of OCB, EPE and OC on ITS in Zimbabwean SMEs (Johnson & Onweuegbuzie 2004:18). The quantitative approach was also employed as it was suitable to quantify data and to apply some statistical methods such as confirmatory factor analysis (CFA) and structural equation modeling (SEM) to analyse data (Tavakol & Zeinaloo 2004:77; Sedmark & Longhurst 2010:81). A quantitative method is descriptive and explanatory in nature and the use of large samples helps in generalising the results to a larger population (Schiffman & Kanuk 2009:22).

On the other hand, a qualitative research approach focuses on interviews, focus groups and unstructured open-ended questions that are administered or conducted in the course of the research. The sample is not objective but subjective due to sampling techniques used such as

snowball sampling, purposive or judgmental sampling, referral sampling and convenience sampling. The single cases administered are not statistically representative and it varies according to subject interests. However, information obtained through qualitative research is believed to be soft, rich and deep because there is room for probing subjects further to obtain the information needed (Schiffman & Kanuk 2009:25). The results obtained through qualitative research are more descriptive, but are difficult to quantify and prone to measurement error and bias (Hair, Babin, Anderson & Tatham 2010:4). Qualitative research tools are often used in exploratory research and are appropriate for hypothesis generation.

## **5.4 CLASSIFICATION OF RESEARCH METHODS**

The classification of research methods most often used in literature is the threefold classification of exploratory, descriptive and explanatory (Berglund 2007:57; Saunders, Lewis & Thornhill. 2009:139). In the same way as the research questions can be both descriptive and explanatory; a research project may have more than one purpose. The primary purpose of exploratory designs is to establish whether a phenomenon exists and to identify and surface with important information about such a phenomenon (Welman, Kruger & Mitchel 2005:23; Harrison & Reilly 2011:15). Harrison and Reilly (2011:15) further suggest that exploratory research design is useful to explore relationships when study variables are not known.

In a descriptive research design, the purpose is to describe a given phenomenon and the researcher is aware of what to investigate, but does not have the answers to the research questions (Berglund 2007:58). Furthermore, by using descriptive research, the researcher tries to understand how things are. In other words descriptive studies seek to have an understanding of the current status of subjects of study or the present practices (Welman *et al.* 2005:22).

An explanatory research design is useful to explain relationships between the variables under study (Harrison & Reilly 2011:17). According to Berglund (2007:58), in explanatory research, the purpose is to explain the effect of given stimuli or factors on another variable. Welman *et al.* (2005:22) have observed that the purpose of explanatory design is to explain why things are the way they are and why one variable affects another. Neuman 2001 (cited in Zarkesh 2008:47), compared the conditions under which these discussed types of research methods are appropriate, as depicted in Table 5.2.

**Table 5.2: Research method classification**

Exploratory	Descriptive	Explanatory
Become familiar with the basic facts, setting, and concern.	Provide a detailed, highly accurate picture.	Test a theory's predictions or principle.
Create a general mental picture of condition.	Locate new data that contradict past data	Elaborate and enrich a theory's explanation.
Formulate and focus questions for future research	Create a set of categories or classify types.	Extend a theory to new issues or topics.
General new ideas, conjectures, or hypotheses.	Clarify a sequence of steps or stages.	Support or refute an explanation or prediction.
Determine the feasibility of conducting research.	Document a causal process or mechanism.	Link issues or topics with a general principle.
Develop techniques for measuring and locating future data.	Report on the background or context of a situation.	Determine which of several explanations is best.

Source: Neuman 2001 (cited in Zarkesh 2008:47)

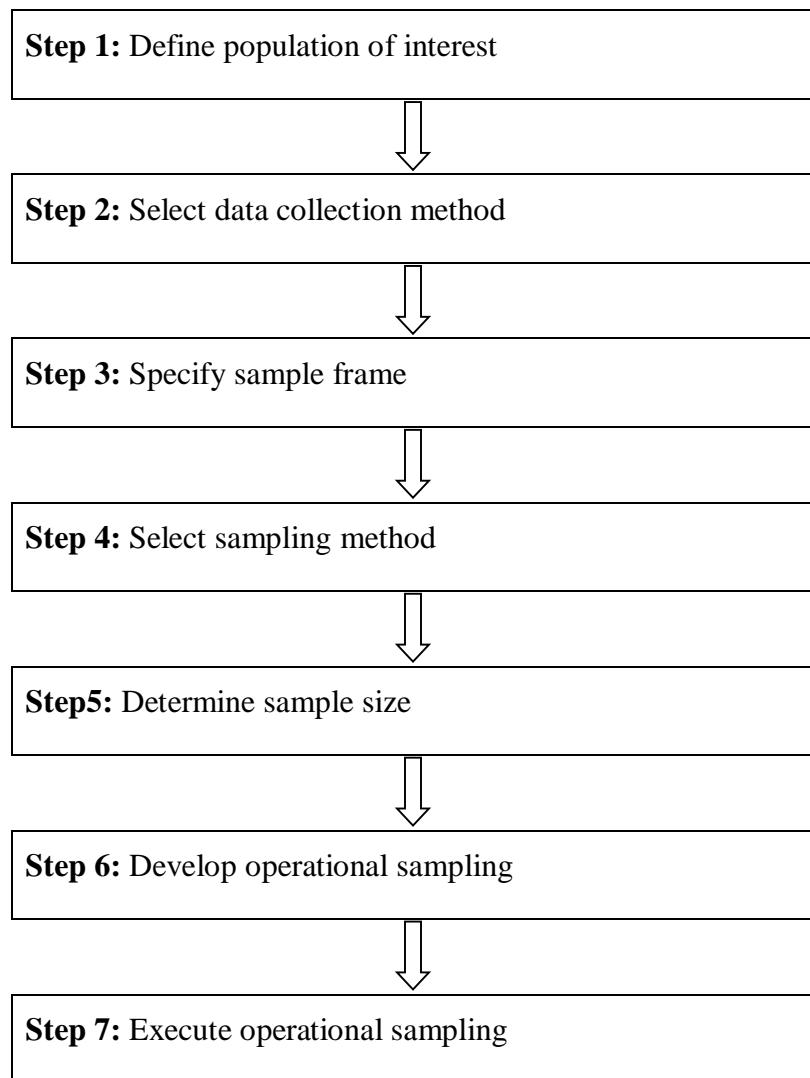
The primary goal of the study was to explore the impact of OCB, EPE and OC on ITS to stay in the Zimbabwe's SME sector. This means that the study sought to determine the degree to which SMEs have adopted the practice of OCB, EPE, OC and ITS. The purpose of establishing the extent of practicing OCB and its effect on ITS on the job is both descriptive and explanatory. Therefore, this study adopted two research purposes, which are descriptive and explanatory.

## **5.5 RESEARCH DESIGN USED IN THE CURRENT STUDY**

A self-administered survey was used in this study. This was done using a structured questionnaire. The benefits for using a self-administered questionnaire were that it was cost effective; it ensured a greater possibility of anonymity and greater convenience for respondents, since they could complete the questionnaire at their own convenient time (Cooper & Schindler 2011:324). The self-administered questionnaire was developed based on previous studies (Wayne, Shore & Liden 1997:94; Janssen 2001:1042; Powel & Meyer 2004:175; Jung & Yoon 2012:372).

### **5.5.1 Sampling design procedure**

The study utilised the sampling procedure provided by Bradley (2007:164). The procedure includes key aspects that are target population, the sampling frame, sampling method and the sample size. These aspects are deliberated in Section 5.5.2.



**Figure 5.1: Steps in developing a sample plan**

### **5.5.2 The population**

Bryman and Bell (2007:182) and Zikmund, Babin, Carr and Griffin (2010:235), view a population as the totality of units from which the sample is to be derived. Sekaran and Bougie (2009:262) posit that population encompasses a set of cases of analysis from which a sample is selected. The population of this study included SMEs operating in five major cities in

Zimbabwe (Chitungwiza, Bulawayo, Bindura, Chinhoyi and Harare). Major cities in Zimbabwe are those cities where administrative work is done and have a population of one million and more.

The target population is a set of all the people or subjects the researcher is interested in knowing about and from which the sample is selected (Cooper & Schindler 2011:364). In this study, the target population is employees of SMEs including males and females in both the manufacturing and service industry who are not in managerial positions. The database of the Ministry of SMEs was used to collect information from employees in SMEs in major cities in Zimbabwe. Non-managerial employees were requested to provide the information that is needed in this study because they probably are the least paid and have many grievances; compared to those who are in managerial positions who tend to be secretive, happy and are highly remunerated (Gono 2009:11).

### **5.5.3        The sampling method**

A critically important decision for a quantitative study involving a sample is how the sample units are to be selected. The decision requires the selection of a sampling method. Sampling methods are divided into two broad categories, which are probability and non-probability sampling (Sekaran & Bougie 2009:270). Saunders, Lewis and Thornhill (2009:228) define non-probability sampling as the process where likelihood of selection of each sampling unit is unknown while probability sampling is a technique of drawing a sample in which each sampling unit has a well-known, non-zero probability of being incorporated in the sample. Probability selection includes simple random sampling, stratified random sampling, cluster sampling, proportionate stratified sampling, disproportionate stratified sampling and multi-stage sampling. Non-probability sampling includes quota sampling, accidental/convenience sampling, judgmental sampling, network sampling and snowball sampling (Quinlan 2011:209-210).

This study made use of probability sampling. A stratified sampling plan method was used for validity and reliability reasons using the database from the ministry of SMEs in Zimbabwe. With stratified sampling, the population is divided into mutually exclusive groups (industry sectors) and random samples are drawn from each group (Hair *et al.* 2010:22). This procedure placed the SMEs into specific industry sectors and random samples were drawn from each group. Stratified sampling improves the sampling efficiency by increasing the accuracy

(Saunders, Lewis & Thornhill 2009:228). With the help of students from the University of Zimbabwe, questionnaires were distributed and collected after appointments with target SMEs were made.

#### **5.5.4        Sample frame**

A sample frame includes the different types of sample sources. It incorporates the basis on which respondents are selected (Bradley 2007:188). While Welman *et al.* (2005:57) describe a sampling frame as a complete list where each unit of analysis is included only once, Bryman and Bell (2007:182) view it as the listing of all units in the population from which the sample is selected. Sample frame is an important part of sampling that mirrors the population of interest in summary form and that includes information of key features of all units in the population of interest (Bradley 2007:166). Bradley (2007:166) further asserts that the sample frame might be a tangible list or a set of instructions that must be up to date, complete, affordable and easy to use. Therefore, the sample is a list of all eligible sampling units (Hair *et al.* 2008:238), which is related to the population. It is the list of elements from which the sample is actually drawn and it is the complete and correct list of population members only (Cooper & Schindler 2006:443). According to Wilson (2010:150), the three characteristics of a good sample were considered, namely comprehensiveness, probability of selection and efficiency. The ministry of SMEs data base list provided the names, addresses, telephone numbers, the manager or managing director and owners of the SMEs. It also supplied information on the capital and employee size, as well as the kind of business in which they are engaged.

#### **5.5.5        Sample size**

Sample size refers to the number of elements to be included in the study (Malhotra 2004:318). Most authors agree that determining an adequate sample size is complicated (Cooper & Schindler 2011:374; Schmitt 2011:305). Sample size provides a basis for the estimation of sampling error. It has a direct impact on the appropriateness and statistical power of SEM to be used in the current study (Nusair & Hua 2010:315). The determination of sample size involves judgement as well as calculation. According to Kumar *et al.* (2002:318), four factors govern the sample size: the quantity of groups within the sample, the significance of the information and the exactness required of the results, the cost of the sample and unevenness of the population. There are approximately one thousand SMEs in the five major cities in Zimbabwe according to the database from the ministry of SMEs. A comparison of past research

studies was used to choose the size of the sample. Sample size determination was based on studies done by Almar (2005:12) and Biggs and Shah (2006:3050) in developing countries because they used a large sample size, which is convenient for SEM as shown in Chapter 6, Section 6.6.1. Fatoki and Odeyemi (2010:2763) used a sample of 417 and 407 respondents were used in a study undertaken by Antony and Bhattacharyya (2010:42). In Zimbabwean SMEs, a sample size of 550 was deemed to provide a good representation of SMEs in major cities only. Large sample sizes (above 300) are suitable for CFA and SEM in order to generate a good model fit (Cooper & Schindler 2011:390). However, every attempt was made to reach a larger sample size for multivariate purposes analysis.

## **5.6 DATA COLLECTION**

Data collection is the visible part of the research that involves interviewing and completing a questionnaire for each individual or organisation in the sample (Hague, Hague & Morgan 2004:13; Quinlan 2011:177). Cooper and Schindler (2011:248) are of the view that the choice of a data collection method is a critical point in the research process. However, the process is seldom easy as there are many factors to be considered and many variations of survey methods. In this study questionnaires have been used a method of data collection. A total of 550 questionnaires were distributed to respondents, 500 were returned, and 36 were discarded due to incomplete responses to different parts of the questionnaire. A total of 464 questionnaires were finally used in the study. The information on the profile data are articulated in Chapter 6, Section 6.2.2.

### **5.6.1 The questionnaire**

The questionnaire is a data capture instrument, which lists all questions a researcher wishes to address to each respondent and provides space or some mechanism for recording the responses (Wilson 2010:135). McDaniel and Gates (2005:318) describe a questionnaire as a set of questions designed to generate the data necessary to accomplish the objectives of a research project.

Questionnaires can contain unstructured, semi-structured and structured questions (Wilson 2010:137). An unstructured questionnaire is the checklist of open-ended questions with spaces for writing in the replies, in the respondent's own words thus producing qualitative data (Cooper & Schindler 2011:325). In a structured questionnaire, respondents choose between a

range of answers (Welman *et al.* 2005:175). A semi-structured questionnaire is made up of both structured and unstructured questions (Sekeran & Bougie 2009:200). Questionnaire layout and physical attractiveness are important. The questionnaire should be designed to appear as short as possible and should not be overcrowded (Johnson & Onwuegbuzie 2004:14). In this study, a structured questionnaire was used. The questionnaire was divided into five sections:

**Section A:** Included demographic information about the employees who are not in managerial positions. Characteristics of the respondents covered elements such as age, sex, marital status, educational background, number of years in business, business type, number of employees, the type of industry to which the business belongs, salary earned and working experience.

**Section B:** Contained questions determining organisational citizenship behaviour.

**Section C:** Included questions determining employee perception of equity.

**Section D:** Determined perceptions of organisational commitment.

**Section E:** Questions determining employee intention to stay.

### 5.6.2 Measurement and scaling

The questions in the study are mainly involved with attitude or perception measurement. According to Aaker, Kumar and Day (2000:247) “measurement is a standardised process of assigning numbers or other symbols to certain characteristics of the objects of interest, according to pre-specified rules. Scaling is the process of creating a continuum on which objects are located according to the amount of the measured characteristic they possess”. Measurement and scaling are basic tools used in the scientific method (Aaker *et al.* 2000:274). Four types of scales are usually categorised for attitude measurement (Hair, Anderson, Tatham & Black 2006:15; Cooper & Schindler 2011:299):

- Nominal scale: assigns numbers as a way to label or identify subjects or objects.
- Ordinal scale: serves to order or rank objects according to some characteristics.
- Interval scale: not only separates objects by rank order but also represents equal increments of the attribute being measured.

- Ratio scale: is a special kind of interval scale that has a natural or absolute zero point, one for which there is universal agreement about its location. This is the only type of scale that permits comparisons of absolute magnitude.

The above scales are considered to become increasingly powerful and more precise measurement for quantitative data. They allow respondents to select the most appropriate alternative (Quinlan 2011:326). It is argued that many of the constructs in many disciplines possess no more than interval measurement and some even less (Sekaran & Bougie 2009:141). Among the existing multi-item scales, Likert scale (also called summated scale) of seven-point multi-item measures is employed to measure the constructs in the current study. The choice of multi-item Likert seven-point scale is based on the following reasons:

Firstly, it is argued that individual items usually have considerable uniqueness or specificity in that each item tends to have only a low correlation with the attribute being measured and tends to relate to other attributes as well (Sekaran & Bougie 2009:141; Quinlan 2011:327). In the case of multi-item measures, the specificity of items can be averaged out when they are combined. Thus, the multi-item measures enable the scale to capture the different underlying facets of the theoretical construct. The OC construct for example, includes multi-faced activities that are depicted by a firm, each of which should be identified in the scale and in this sense, multi-item scale should perform a better job than a single-item scale. Secondly, compared with multi-item measures, the measurement error for an individual item is often considerable; the same scale position is likely to be checked in successive administrations of an instrument. In contrast, with multiple items, the reliability and validity of a scale tend to improve and measurement error decreases as the number of items increases (Sekaran & Bougie 2009:141). Thirdly, compared with other popular scales such as numerical scale, semantic differential scale or Staple scale and Likert scale is relatively easy to construct and administer (Sekaran & Bougie 2009:152; Cooper & Schindler 2011:300) and for participants to respond to. Practically, in organisational behaviour research most of the empirical quantitative studies have proven the Likert scale as a valuable and useful measure. Finally, concerning the number of points in such scales, no clear-cut rule is given for the number of odd or even numbers that should be used. It is argued that the increasing number of scale points should result in more precise measurement (Cooper & Schindler 2011:298). However, caution should be noted that this also increases confusion and difficulty for participants to respond. Thus, rating scales used

in most surveys usually range from 5 to 9 points. The current study adopted seven-point Likert scales.

### **5.6.3 Measurement instrument**

Research scales were operationalised mainly on the basis of previous works. Minor adaptations were made in order to fit the current research context and purpose (Chinomona & Moloi 2014:303). Five-item measurement instruments were used to measure OCB, which were adapted from the previous works of Jung and Yoon (2012:372). The sample question asked to the participants was " I am always ready to help those around me".

Six questions were adapted from Janssen (2001:1042) to measure EPE. The sample question asked to the participants was " I feel appreciated because I give a great deal of time and attention to the organisation".

A nine-item measurement instrument adapted from Powell and Meyer (2004:175) was used to determine OC. The sample question asked to the participants was " I have invested too much time in this organisation to consider working elsewhere".

ITS was measured using the five items adapted from Wayne, Shore and Liden (1997:94). The sample question asked was" I will most probably stay in this company in the foreseeable future". Individual scale items are listed in Appendix B.

## **5.7 MEASURES USED TO ENHANCE RESPONSE RATE**

There is a large body of literature on strategies to make a survey more effective (Spata 2003:11; Kumar 2005:10; Dillman 2007:6; Saunders, Lewis and Thornhill 2009:467; Hair, Babin, Anderson & Tatham 2010:78). The measures enhancing the response rate are discussed.

### **5.7.1 Cover letter**

A cover letter has become a crucial part of most questionnaire surveys. Dillman (2007:6) has shown that the messages contained in a self-administered questionnaires cover letter will affect the response rate. Accordingly, the questionnaire was accompanied by a cover letter in with a brief introduction and the purpose of the research project. Additionally, the significance of the study, the importance of the assistance of respondents and the assurance of confidentiality and anonymity of the respondents are highlighted.

## **5.7.2 Follow-ups**

Multiple contacts are essential for maximising responses (Dillman 2007:12). Research confirms that this is also true for electronic surveys (Kumar 2005:10). Research assistants did the follow ups and collected the questionnaires after appointments with the target SMEs. Follow ups were done several times in April, May and June 2013.

## **5.8 DATA PREPARATION**

The existing spate of literature shows that the raw data obtained from questionnaires must undergo preliminary preparation before they can be analysed using statistical techniques that involve editing the data, coding responses into categories and tabulating responses into frequencies or tables (Spata 2003:11; Kumar, Aaker & Day 2004:356; Stangor 2007:20; Saunders *et al.* 2009:467). Data preparation is regarded as a process of converting data from a questionnaire into a format that can be analysed (Hair *et al.* 2010:78). Editing and coding are the two main aspects that are essential in data preparation. A discussion of these aspects follows in the next section.

### **5.8.1 Editing**

Kumar, Aaker and Day (2002:25) noted that editing entails a comprehensive and serious investigation of an accomplished questionnaire in terms of compliance with the criteria for collecting meaningful data in order to deal with questionnaires not properly completed. McDaniel and Gates (2005:320) describe editing as going through each questionnaire to make certain that skip pattern is followed and required questions are filled out. Editing entails a process of ascertaining that questionnaires are filled out properly and completely.

Editing, sometimes called cleaning the data, was done to ensure that questionnaires are complete, accurate and suitable for further processing. The questionnaire was examined in order to identify questions that are not answered at all. The questionnaire was edited before the responses were processed to determine whether the data recorded in the questionnaire were acceptable for use and to prepare it for coding and capturing. Thirty six (36) questionnaires were incomplete and they were discarded.

### **5.8.1.1 Field editing**

Field editing is a preliminary edit designed to detect obvious omissions and inaccuracies in the data (Cooper & Schindler 2011:403). The field editing was done by the field workers as soon as possible after the questionnaire had been administered and filled in by the respondents and before thanking the respondents for their participation.

### **5.8.1.2 Central editing**

After editing at the field level, questionnaires were edited in a central office, thus providing greater consistency (Easterby-Smith, Thorpe & Jackson 2008:28). Central editing is when a more thorough scrutiny of the questionnaires is done. Cooper and Schindler (2011:403) list the following primary tasks in the central office edit. The researcher converts all responses to consistent units. The degree of non-response is assessed and where possible consistency is checked across responses.

The researcher, an academic and the research promoter were used to conduct the central editing of all the questionnaires to decide how to handle incorrect or incomplete data.

## **5.8.2 Coding**

Coding is the process of grouping and assigning numeric codes to the various responses to a question (McDaniel & Gates 2005:321). Cooper and Schindler (2006:491) pointed out that coding encompasses assigning numbers or other symbols to answers so that the responses can be grouped into a limited number of classifications.

Coding can take several forms, being abbreviations of key words, coloured dots or numbers. Bradley (2001:329) terms coding as the name given to the procedure whereby complex descriptions are broken into simpler meanings and are allocated a code, usually a number. For the current study, numbers were used, for example, where female was coded one and male coded two. For expression on the Likert scale, coding was done from one to seven.

## **5.8.3 Data screening**

Following the data collection, the data screening process suggested by Cooper and Schindler (2011:400) was implemented to ensure data were cleaned before performing further statistical analysis. Screening the data is the first step towards obtaining insights into the characteristics

of the data. It is important to ensure the accuracy of data entry and assessment of outliers before proceeding to analyse summary statistics for the survey responses. The major analytical tasks in the data screening process include questionnaire checking, editing, coding and tabulation. Responses were coded carefully with an identification number related to a specific questionnaire. Using SPSS, each item was run through a frequency analysis. Data were cleaned to detect some errors.

In addition to the editing and coding process, ethical issues are also a necessary aspect of conducting proper and reliable research.

## **5.9 RELIABILITY**

Reliability and validity are the two criteria that are used to determine the quality of a research study (Zarkesh 2008:53; Wilson 2010:117). According to Cooper and Schindler (2008:296), a measure is reliable if it provides consistent results. In other words, reliability refers to the extent to which a measuring instrument is able to produce similar findings if repeated, irrespective of when the instrument is used and who administered it (Wilson 2010:117). The main purpose of reliability is to provide consistent results and minimise errors and biases (Berglund 2007:68).

The study used the Cronbach alpha coefficients to establish the reliability of the five OCB item construct, six EPE items, nine OC items and five ITS items. The reliability of the various constructs is discussed in Chapter 6 (Table 6.15). The coefficient alpha values for all the constructs are above 0.90, which were greater than the recommended level of 0.60 (Eeden, Viviers & Venter 2003:16; Bryman & Bell 2007:164). Composite reliability was also used to check internal consistency of the measurement model and the results were all above the threshold, which is 0.70. Section 6.5.2 in Chapter 6 provides a detail analysis of the composite reliability. Average variance extracted (AVE) was used to check the internal consistency of the measurement instruments. All AVE values were greater than 0.5 indicating that the items well represent the latent construct. Chapter 6, (Table 6.15), provides an exposition of the results.

## **5.10 VALIDITY**

With regard to validity, Jayamaha, Grigg and Mann (2008:485) and Wilson (2010:119) define it as how well an instrument measures what it purports to measure. Content, criterion and construct validity are three main forms of validity (Toni & Tonchia 2001:49; Jayamaha *et al.* 2008:485). According to Toni and Tonchia (2001:49), content validity can be determined

statistically by subject experts and by reference to literature. Whereas criterion validity refers to the predictive nature of the research instrument in order to obtain an objective outcome. Construct validity measures whether or not a variable is an appropriate definition of the construct (Toni & Tonchia 2001:49). Cooper and Schindler (2008:289) outline the three main forms of validity, as shown in Table 5.3.

**Table 5.3: The types of validity**

Type	What is measured	Methods
Content	Degree to which the content of the items adequately represent the universe of all relevant items under study	Judgmental or panel evaluation
Criterion related	Degree to which the predictor is adequate in capturing the relevant aspects of the criterion	Correlation
Construct	Identifies the underlying construct being measured and determine how well the test represents them	Judgmental: correlation of proposed test width established one: Confirmatory factor analysis: Multivariate-multi-method analysis and convergent-discriminant techniques

Source: Cooper and Schindler (2008:289)

The scales were tested for convergent and discriminant validity using the SPSS 21.0 software programme. As illustrated in Chapter 6 (Section 6.5.4), convergent validity was established by Spearman rho correlations analysis. Item-to-total correlations were used to determine convergent validity. As a rule of thumb, the co-efficient should be above 0.5. The items co-efficient values were less than 0.5; the item was deleted as it explains less than 50 percent of the variable (Hair *et al.* 2010:50). The correlations are reported in Chapter 6 (Table 6.16). Significant correlations existed among the constructs. Discriminant validity was also tested using SPSS 21.0 software. Discriminant validity in this study was concerned with determining whether the items measuring OC are different from that measuring OCB, EPE and ITS. The results should be less than one and all are below one, which shows there is discriminant validity as shown by the inter-construct correlation matrix (see Chapter 6, Section 6.5.5).

The study focused on three basic approaches to estimate the validity of an instrument: content validity, criterion validity and construct validity (Saunders *et al.* 2009:209). This study thus

focused on four types only, which are construct validity, content validity, predictive validity and discriminant validity.

### **5.10.1 Construct validity**

Construct validity is concerned with the extent to which a measure relates to other measures to which it should be related (Cooper & Schindler 2011:281), which lies at the very heart of the scientific process and is the type of validity receiving most of the attention in social science (Sin, Tse, Heung & Yim 2005:569). To establish this type of validity, two categories of construct validity normally need to be determined: convergent validity and discriminant validity.

### **5.10.2 Convergent validity**

Convergent validity refers to the degree to which the scale correlates in the same direction with other measures of the same construct, that is, the items shows homogeneity within the same construct. Ideally an item is expected to be related with other items that measure the same constructs (convergent validity), but differ from items, which measure different constructs (discriminant validity) (Gill & Johnson 2010:243). Both categories commonly are evaluated by using correlation analysis.

### **5.10.3 Content validity**

Content validity refers to the degree to which the scale covers the relevant items under study (Cooper & Schindler 2008:281). First, an extensive review of literature was done to ensure that the instrument is related to other previous studies. This was undertaken to ensure and test for content validity. Finally, relevant previous studies on the four constructs were consulted to construct the questionnaire.

### **5.10.4 Discriminant validity**

Discriminant validity is concerned with the extent to which a measure is distinct from other measures that is it shows heterogeneity between different constructs (Saunders *et al.* 2009:319). Discriminant validity ensures that measures of different constructs should load on separate constructs. That means the constructs are distinct. This study used the correlation matrix and the chi-square CFA test methods to check for discriminant validity of the research constructs. The results for discriminant validity are in Chapter 6 (Table 6.15, 6.16 & 6.17).

### **5.10.5 Predictive validity**

The results of SEM models provide evidence of predictive validity (Wilson 2010:119). Four predictive relationships were hypothesised and all were supported by the results. The results showed that there is a significant positive relationship of employee OCB on OC in Zimbabwean SMEs, positive relationship of OCB on OC, positive relationship of EPE with ITS, positive relationship of EPE on ITS, positive relationship on OCB on ITS. These predictive relationships were supported by the data. The results are reported in Chapter 6 (Table 6.15).

## **5.11 DATA ANALYSIS METHODS**

To understand the characteristic of each variable better, descriptive statistical analysis was done to illustrate the magnitude of each variable. Descriptive statistics was analysed using respondents profile data. T-tests and ANOVA was performed to compare the means for different groups. These results are reported in Chapter 6 (Section 6.3 and 6.4).

### **5.11.1 Descriptive statistics**

In this study, descriptive statistics were produced using SPSS 21.0 software. The main purpose of descriptive statistics is to describe or summarise data that is obtained for a group of individual units of analysis. The study used descriptive statistics to assess the composition of the sample. This included procedures, namely the mode, mean, median, and frequencies as shown in Chapter 6, Section 6.2.1. The software also produced graphs and tables for descriptive statistics as shown in Chapter 6, Section 6.2.2. The use of descriptive analysis helped to assess the gender distribution, age of respondents, positions held in the business, education achievement, number of years in the company and number of employees in the business. T-tests and Analysis of Variance (ANOVA) was also done to compare the means for two or more groups in the sample given the variables, this is shown in Chapter 6, Section 6.3 and 6.4.

### **5.11.2 Purification of measurement variables**

In purifying the measurement scales and in identifying their dimensionality, principal component factor analysis with varimax rotation was applied to condense the data into certain factors. Thereafter, CFA was undertaken. These aspects are reported in Chapter 6 (See Table 6.15).

In this study Exploratory Factor Analysis (EFA) was not performed at the beginning because the measurement instruments used in this study were not designed by the researcher but were adapted from previous studies. It therefore means no pilot study was done to explore or test the factors on the ground so CFA was best used for confirmatory reasons. However, EFA was done at the end and the results are in Appendix C, just to show that the factors are not condensing on each other.

### **5.11.3 Confirmatory factor analysis**

CFA involves a large number of variables. It was done using the AMOS (analysis of moment structures) 21.0 software programme. When performing the analysis, it places instruments into smaller numbers of factors within which all variables are related to each other. The purpose of CFA is to explore the underlying variance structure of a set of correlation coefficients. CFA can be used not only in summarising or in the reduction of data but also for confirmatory purposes. In this case, the researcher assigned the number of factors that exist within a set of variables a priori and determined the factor loading (Hair, Babin & Tatham 2010:12).

CFA was undertaken to establish the model fit, that is, if the data fits to the conceptualised research model. After assessing the model fit using CFA, this study proceeded to perform SEM using AMOS software package in order to test the structural paths of the conceptualised research model. Model fit indicators such as chi-square/degrees of freedom, GFI, AGFI, NFI, IFI, TLI, CFI and RMSEA were used to assess the model fit.

### **5.11.4 $\Delta\chi^2$ CFA test**

To demonstrate the discriminant validity, a series of pair-wise confirmatory factor model comparisons assessed whether differences existed when correlations between the latent constructs were free and fixed to 1.0 (Anderson & Gerbing 1988:412; Byrne 2001:68; Blunch 2008:36). A significant difference in chi-square values for the fixed and free correlations indicates the distinctiveness of the two constructs. In other words, if the Chi-square ( $\chi^2$ ) difference in one degree of freedom is significant, the constructs possess discriminant validity and the latent constructs are said to be distinct (see Table 6.17).

### **5.11.5 Model fit/acceptability**

Determining model fit is complicated because several model fit criteria have been developed to assist in interpreting CFA and SEM under different model-building assumptions. In addition, the determination of model fit in CFA and SEM is not as straightforward as it is in other statistical approaches in multivariable procedures such as the analysis of variance, multiple regression and discriminant analysis (Cheung & Rensvold 2002:233; Blunch 2008:119; Schmitt 2011:305). According to Schumacker and Lomax (2004:67), CFA and SEM fit indices have no single statistical test of significance that identifies a correct model given the sample data, especially alternative models can exist that yield exactly the same data to model fit. It is recommended that various model fit criteria be used in combination to assess model fit as global fit measures (Hair *et al.* 2006:25). In light of the above, the study made use of various model fit criteria to test the overall fit of the model. These results are reported in detail in Chapter 6 (Table 6.18).

### **5.11.6 Chi-square ( $\chi^2$ )**

A non-statistically significant chi-square value indicates that the sample covariance matrix and reproduced model-implied covariance matrix are similar. The chi-square value of zero indicates a perfect fit or no difference between the values in some covariance matrix and the reproduced implied covariance matrix. The goal in SEM is to achieve a non-statistical significance, which indicates little difference between the sample variance-covariance matrix and the reproduced implied covariance matrix (Schumacker & Lomax 2004:83). The difference between these two covariance matrices is contained in a residual matrix. When the chi-square value is non-significant (close to zero), residual values in the residual matrix are close to zero, indicating that the theoretically specified model fits the sample data (McQuitty 2004:175). The results of chi-square are reported in Chapter 6 (Table 6.17).

### **5.11.7 Goodness-of-fit index**

Good of fit index (GFI) varies from zero to one, but theoretically can yield meaningless negative values. Though analogous to R square, GFI cannot be interpreted as percentage of error explained by the model (Blunch 2008:38). Rather, it is the percentage of observed covariances explained by the model. That is, R square in multiple regression deals with error variance whereas GFI deals with error in reproducing the variance-covariance matrix. By

convention, GFI should be equal to or greater than 0.90 to accept the model (Nusair & Hua 2010:314) but other scholars are of the view that GFI greater than 0.6 is fairly acceptable (Hair, Bush & Ortinau 2000:34). The GFI is reported in Chapter 6 (Table 6.18).

### **5.11.8 Root mean square residual**

Root mean square residual (RMR) represents the average residual value derived from fitting of the variance-covariance matrix for hypothesised model to the variance-covariance matrix of the sample data (Fraering & Minor 2006:285; Inan & Lowther 2010:137). However, because these residuals are relative to the sizes of the observed variance and covariances, they are difficult to interpret. Thus, they are interpreted best in the metric of correlation matrix. The result from the matrix represents the average value across all standardised residuals and range from zero to one. The closer the RMR is to zero for the model being tested, the better the model fit (Husman, Berryberry, Crowson & Lomax 2004:63).

### **5.11.9 The norm fit index**

The normed fit index (NFI) was developed as an alternative to CFI, but one which does not require making chi-square assumptions. It varies from zero to one, with one equal to perfect fit. NFI reflects the proportion by which the researcher's model improves fit compared to the null model (random variables). For example, NFI=0.60 means the researcher's model improves fit by 60% compared to the null model. By convention, NFI values below 0.90 indicate a need to re-specify the model (Wolfle 2003:5; Weston & Gore 2006: 720). NFI is reported in Chapter 6 (Table 5.18)

### **5.11.10 The comparative fit index**

Comparative fit index (CFI) is known as the Bentler comparative fit index, which compares the existing model fit with a null model that assumes the latent variables in the model are uncorrelated (Byrne 2001:200; Tomarken & Waller 2005:33; Blunch 2008:73). That is, it compares the covariance matrix predicted by the model to the observed covariance matrix and compares the null model with the observed covariance matrix, to gauge the percentage of lack of fit, which is accounted for by going from the null model to the researcher's SEM model (Schreiber, Nora, Stage, Barlow & King 2006:234; Hair *et al.* 2010:33). CFI varies from zero to one. A CFI close to 1 indicates a very good fit. By convention, CFI should be equal to or greater than 0.90 to accept the model, indicating that the given model can reproduce 90 percent

of the co-variation in the data (Blunch 2008:32). As in the case of RMR and NFI, this is reported in Chapter 6 (Table 6.18).

### **5.11.11      The incremental fit index**

The incremental fit index (IFI) was developed by Bollen (1989:35) to address the issue of parsimony and sample size, which were known to be associated with the NFI. As such, its computation is basically the same as the NFI, except that degrees of freedom are taken into account. By convention, IFI should be equal to or greater than 0.90 to accept the model. IFI can also be greater than 1 under certain circumstances (Inan & Lowther 2010:137). The results of IFI are reported in Chapter 6 (Table 6.18).

### **5.11.12      Root mean square error of approximation**

The root mean square error of approximation (RMSEA) takes into consideration the error of approximation in the population. This assessment answers the question how well the model, with unidentified but optimally chosen parameter values, would fit the population covariance matrix if it were available (McQuitty 2004:176). Likewise, this discrepancy, as measured by RMSEA, is expressed in per degree of freedom, thus making the index sensitive to the number of estimated parameters in the model. Nusair and Hua (2010:316) established that by convention, there is a good model fit if RMSEA is less than or equal to 0.05 and an adequate fit if RMSEA is less than or equal to 0.08. These results are reported in Chapter 6 (Table 6.18).

**Table 5.4: Model fit criteria and acceptable fit level**

Model Fit Criteria	Acceptable Level	Interpretation
Chi-square ( $\chi^2$ )	Chi-square values < 2-3	Compares obtained Chi-square value with tabled value for given df
Goodness-of-fit (GFI)	Value equal to or greater than 0.90	0 (no fit) to 1 (perfect fit)
Augmented goodness-of-fit index (AGFI)	Value equal to or greater than 0.90	0 (no fit) to 1 (perfect fit)
Norm-fit-index (NFI)	Value equal to or greater than 0.90	0 (no fit) to 1 (perfect fit)
Comparative fit index (CFI)	Value equal to or greater than 0.90	0 (no fit) to 1 (perfect fit)
Incremental fit index (IFI)	Value equal to or greater than 0.90 (no fit) to 1 (perfect fit)	0 (no fit) to 1 (perfect fit)
Root mean square error of approximation (RMSEA)	< 0.05	Values less than 0.05 indicates a good model fit

Source: Hair *et al.* (2010:203)

### 5.11.13 Item-to-total-correlation

Item-to-total-correlation measures the correlation of each item to the sum of remaining items. This is done to improve the internal consistency of the construct. This approach assumes that the total score is valid and thus the extent to which the item correlation with the total score is indicative of convergent validity for the item (Bryman & Bell 2007:165). Item-to-total values ranged from 0.939 to 0.980. These results are reported in Chapter 6 (See Table 6.15).

## 5.12 STRUCTURAL EQUATION MODELING

Structural Equation Modeling (SEM) is a statistical methodology that takes a confirmatory approach to analysis of structural theory (Byrne 2001:28; Hair *et al.* 2010:18; Nusair & Hua 2010:315). SEM uses several types of models to predict relationships among observed variables, with the basic goal of providing a quantitative test of a theoretical model hypothesised by the researcher. Schumacker and Lomax (2004:3) and Blunch (2008:34), noted that the goal of SEM analysis is to determine the extent to which the theoretical model is

supported by sample data. If the sample data supports the theoretical model then more complex theoretical models can be hypothesised. If the sample data does not support the theoretical model then either the original model needs to be modified and re-tested or other theoretical models need to be developed and tested.

To have a better understanding of the model two major types of variables will be introduced. First, latent variables or factors are variables that are not directly observed or measured. They are indirectly observed and, therefore, are inferred from a set of variables that researchers measure using statistical techniques such as tests or surveys. In other words, the researcher must operationally define the latent variable of interest in terms of behaviour believed to represent it (Byrne 2001:4; Blunch 2008:5). Therefore, the latent (unobserved) variable is linked to one that is observed, making its measurement possible. In SEM, a circle (or an ellipse) represents the unobserved latent variable. Second, observed or manifest variables are a set of variables that researchers use to define or infer the latent variables (Schumacker & Lomax 2004:3). These variables serve as indicators of the underlying construct that they are presumed to represent. In SEM, the observed variable is represented by a square (or a rectangle). In addition, these two types of variables can be defined as either independent variable (exogenous) or dependent variable (endogenous). According to Schumacker and Lomax (2004:3), an independent variable is a variable that is not influenced by any other variable in the model. A dependent variable is a variable that is influenced by another variable in the model.

In this study, all the results for CFA fit indices were satisfactory, which allowed SEM to be performed. In instances where the results of CFA are unsatisfactory (poor model fit) there was no need to proceed with SEM but to discard the whole study or go into the field, collect and analyse data again. The results of SEM show a good model fit (see Chapter 6, Section 6.6). SEM technique demonstrates and tests the theoretical underpinnings of a proposed research and the significance of the relationships between model constructs (Hair *et al.* 2010:22). It can test hypotheses about the dimensionality of, and relationships among latent and observed variables (Cooper & Schindler 2011:539). SEM stipulates a technique where separate relationships are allowed for each set of dependent variables. SEM provides an estimation technique for a series of separate multi regression equations to be estimated simultaneously (Schreiber, Nora, Stage, Barlow & King 2006:325). It further contains two components, namely the structural model, which is the path where independent and dependent variables are being connected and the measurement model, which enables a researcher to use several

indicators for a single independent variable (Tormaken & Waller 2005:31). In this study, several attributes were identified as having an effect on employee intention to stay. The multi-item scales for each construct could then be developed by assessing each relationship simultaneously rather than separate by incorporating all the multi scale items to account for measurement errors with each scale item (Weston & Gore 2006:719). The data analysis techniques in this study were used after careful thought and analysis to see if they match well with the study and the model proposed.

### **5.12.1 Tests of measures and accuracy analysis statistics**

Progressing from demographic data analysis, the reliability and validity of the measuring scales was gauged to ensure valid data analyses. This is predominantly significant for this study since some of the scales have been amended and adjusted for the SME context. Gill and Johnson (2010:242) suggest that there are three requirements for measurement. First, measurement must be an operationally definable process. Second, measurement should be valid or accurate (validity). Third, the outcome of the measurement process must be reproducible (reliability). The total error of a measurement consists of systematic errors, which involve validity tests and random errors, which are measured by reliability tests (Weston & Gore 2006:710). A number of methods are available for testing reliability and validity of scales. The differences among the methods and the technique specifically used for this study are discussed. The next subsection presents reliability tests, followed by a discussion of validity issues before the actual accuracy analysis for the study is presented.

### **5.12.2 Composite reliability**

A method commonly used to check internal consistency of the measurement model is the Composite Reliability (CR) index. It is calculated using the following formula:

$$(CR): CR\eta = (\sum \lambda y_i)^2 / [(\sum \lambda y_i)^2 + (\sum \varepsilon_i)]$$

CR = (square of the summation of the factor loadings)/ {(square of the summation of the factor loadings) + (summation of error variances)}. The resultant coefficient is similar to that of Cronbach's  $\alpha$ . The threshold for CR index of 0.5 for basic research and 0.6 for exploratory research as suggested by Blunch (2008:25). Chapter 6, Table 6.19 reports on the CR statistics.

### **5.12.3 Average variance extracted**

The average variance extracted (AVE) estimate reflects the overall amount of variance in the indicators accounted for by the latent construct. Higher values for the variance extracted estimate (greater than 0.50) reveal the indicators well represent the latent construct (Hair *et al.* 2010:55) The formula below is used to calculate AVE:

$$V\eta = \sum \lambda_i^2 / (\sum \lambda_i^2 + \sum \varepsilon_i)$$

**AVE** = { (summation of the squared of factor loadings) / { (summation of the squared of factor loadings) + (summation of error variances) } }. Altogether, the construct reliabilities and the average variance extracted estimates suggest the scales are internally consistent. The results for AVE are reported in Chapter 6 (Table 6.15).

## **5.13 BASIC MODEL**

SEM in this thesis relates to three types of models, which are exploratory model, path model and full latent variable model. Initially, a measurement model of CFA is a model that solely pays attention on the link between factors and their measurement variables. According to Byrne (2001:3), there are two basic types of factor analysis: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). EFA is designed for a condition where links between the observed and latent variables are unknown or uncertain. The analysis continues with an exploratory model to determine how and to what extent the observed variables are linked to their underlying factors. Classically, the researcher wishes to identify the minimal number of factors that underlie co-variation among the observed variables (Husman *et al.* 2004:63; Hair *et al.* 2010:28; Inan & Lowther 2010:138; Nusair & Hua 2010:314). In contrast to EFA, CFA is appropriately used when the researcher has some knowledge of some underlying latent variable structure. Based on knowledge of theory, empirical research, or a researcher postulates relationships between the observed measures and underlying factors *a priori* and this hypothesised structure statistically (Byrne 2001:80). Thus, in CFA the researcher specifies a certain number of factors, which are correlated and for which observed variables measure each factor. In EFA, the researcher explores how many factors there are, whether the factors are correlated and which observed variables appear to best measure each factor. In CFA the researcher has an *a priori* specified theoretical model, in EFA the researcher does not have such a model. This current study uses CFA since the measures have been adapted from previous

literature and have been widely used by several researchers in the past (Janssen 2001:1042; Jung & Yoon 2012:372).

Path model or a path analysis is the second type of model, which involves the estimation of presumed causal relations among observed variables. This is well tabulated in Chapter 6, Figure 6.11. Klem (2000:227) observed that in path analysis, the researcher specifies a model that attempts to explain why X and Y are correlated. Part of this explanation may include presumed causal effects (for example X causes Y), or presumed non-causal relations, such as a spurious association between X and Y. The overall objective of the path analysis is to evaluate how well the model accounts for the data that is the observed correlations or co-variances. The third type of model is the full latent variable model. This type of model allows for the description of a regression structure among the latent variables. In other words, the researcher can hypothesise the impact of one latent construct on another in modeling of causal direction. The model is termed full because it comprises both a measurement model (CFA) and a structural model (depicting the associations among the latent variables) (Byrne 2001:6). This is shown in Figures 6.11 and 6.12 in Chapter 6.

## **5.14            SYNOPSIS**

This chapter presented the design of the empirical research carried out in the SME sector in Zimbabwe. The starting point was the measurement and scaling. This was followed by the design of the measurement instrument used to collect data. Methods used by the current research to enhance the response rate in questionnaire design were discussed. A total of 464 questionnaires were finally used in the study. Two methods were used, namely cover letter and follow ups to increase response rate. The instruments were developed from existing measures adapted from the empirical literature. A seven-staged design process was followed, namely population targeting, sampling frame, sampling method, determination of sample size, selection of key informants or research subjects and lastly, executing the research. Data analysis techniques used in this study were analysed and discussed using CFA and SEM. CFA and SEM, which was found to be suitable for this study because of the hypotheses postulated, the model proposed and the large sample size.

# **CHAPTER 6**

## **DATA ANALYSIS AND INTERPRETATION OF RESULTS**

### **6.1 INTRODUCTION**

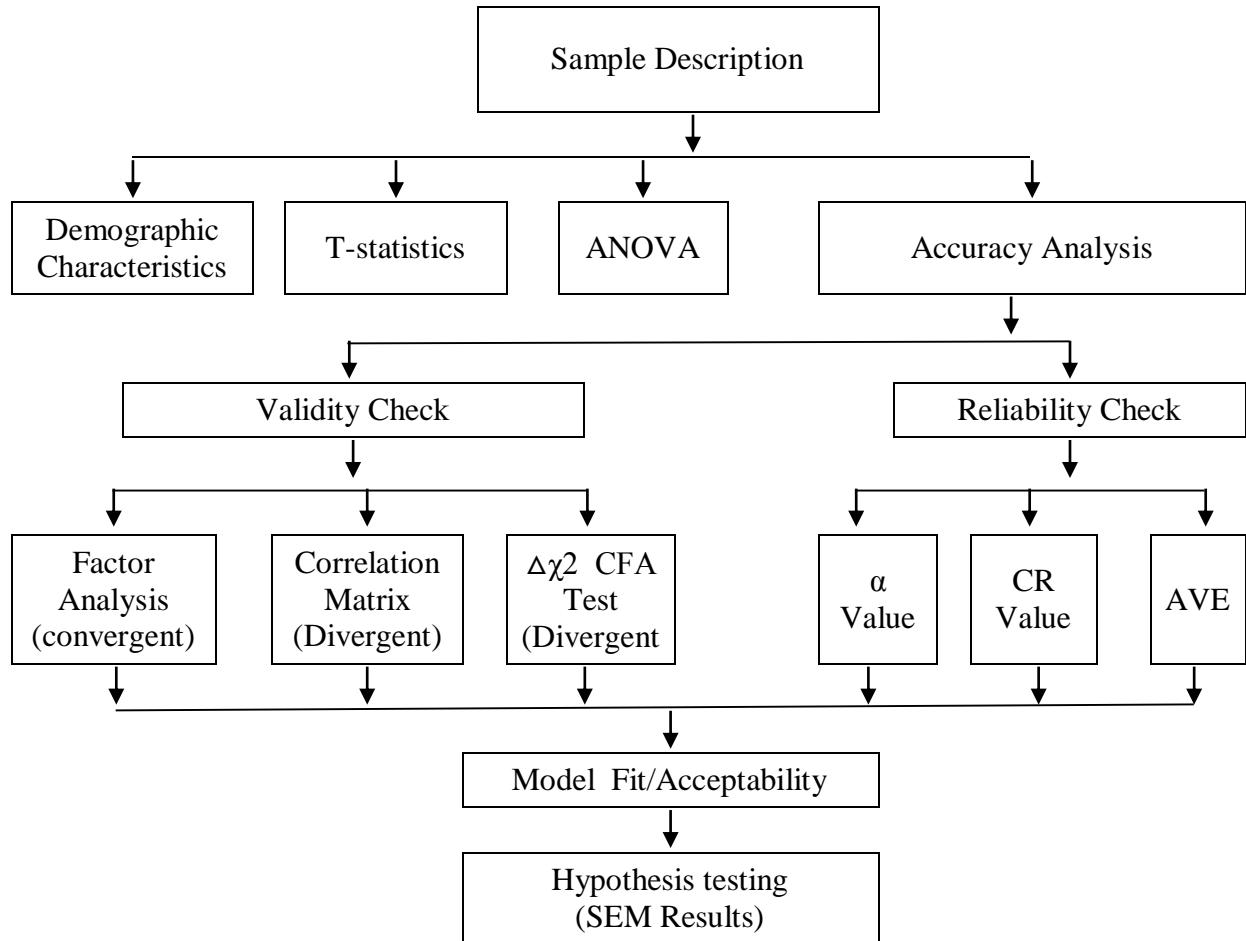
The preceding chapter described the research methodology and the design used in the study. The sample and sampling methods were discussed. The research paradigms, research methodology, procedures used to collect, capture, process and analyse data were presented. The steps to ensure reliability and validity were also highlighted.

This chapter focuses on the presentation, interpretation and discussion of the results and commences with the presentation of data analysis procedures and followed by a description of the sample. Following sample description, a test of measures and accuracy analysis statistics is provided. T-statistics were performed as well as ANOVA to compare means between different groups. This mainly test for the measures' reliability and validity using different methods to ascertain the accuracy in study that make up the thesis. SPSS version 21.0 for Windows and Amos 21.0 for CFA and SEM were used in the analysis of the data. For measuring reliability, the Cronbach's Alpha, the Composite Reliability (CR) value and the Average Value Extracted (AVE) was used. CFA was used to assess discriminant validity. This section is followed by a presentation of the research model fit. Numerous indicators such as chi-square value, GFI, NFI, LTI, IFI and RMSEA were used to ascertain if the research model fit the data. Towards the end of this chapter, SEM results are presented and analysed. This section is followed by a discussion of the concept of a basic model in SEM. Under this section, three types of models that will be used in this chapter are discussed. They are (1) measurement model, (2) path model and (3) full latent variable model. Two subsections will be presented, that is, SEM model fit and finally hypothesis testing results.

### **6.2 DATA ANALYTICAL PROCEDURES**

To analyse the empirical data, several statistical methods were employed. First, T-statistics and ANOVA was performed to compare means between different groups, secondly, coefficient alpha and adjusted item-to-total correlations were used in assessing the internal consistency of each item. For the assessment of final measures, confirmatory factor analysis was performed using the AMOS 21.0 program. Statistical procedures used to validate measures consisted of

assessment of items and scale reliability, uni-dimensionality, convergent and discriminant validity. Figure 6.1 summarises the statistical procedures used in the study.



**Figure 6.1: Statistical analysis procedures**

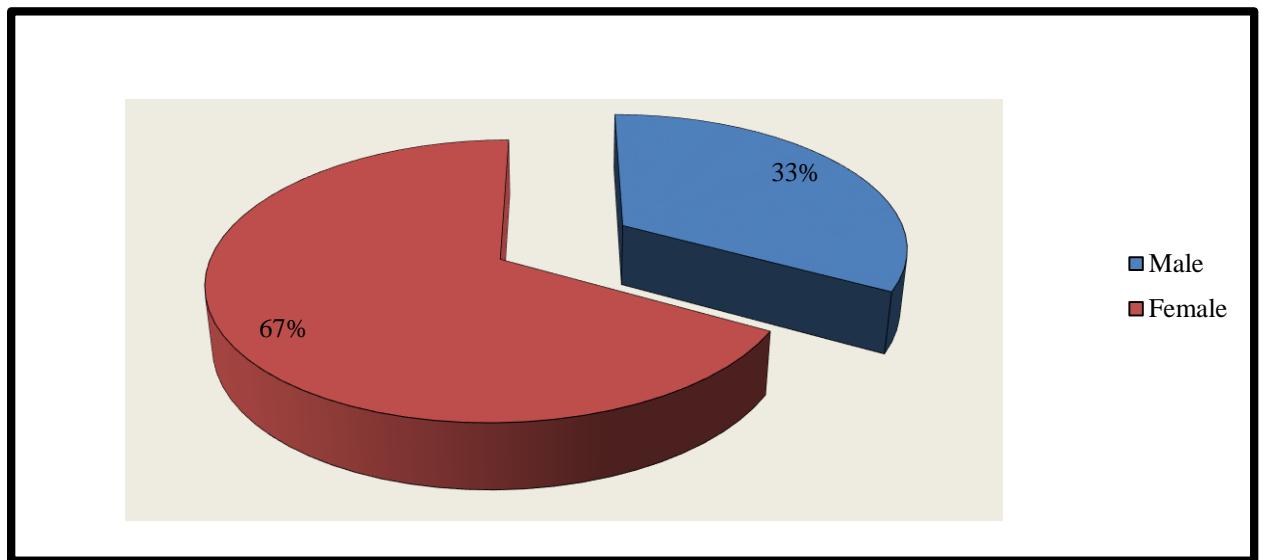
### 6.2.1 Analysis of the main survey

The descriptive statistics, CFA and SEM data analytical procedures were employed to analyse the data. The results are presented in the following sections. Descriptive statistics of the profile is also described.

### 6.2.2 Descriptive statistics

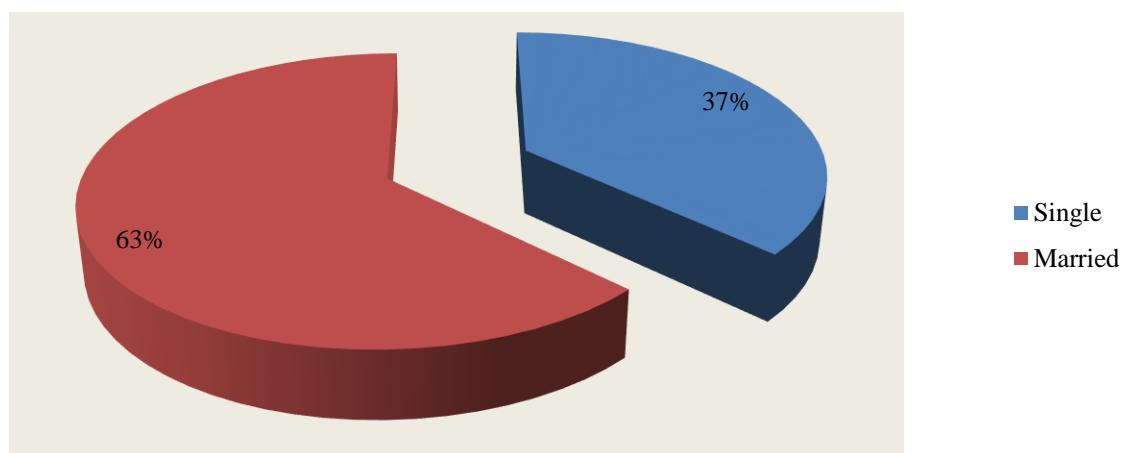
With regard to gender distribution, Figure 6.2 indicates that out of 464 respondents, the majority were females, 312 (67%) and 152 (33%) were males. This indicates a higher proportion of females in lower levels in the sample in SMEs in Zimbabwe. It seems that women do the actual job in SMEs in Zimbabwe since most of the industries in Zimbabwe are service industries, which deal with food preparation (Muranda 2003:2). The results of the study done

by Chipika and Wilson (2006:900) confirm that more females are employed by SMEs in Zimbabwe than males because of their domestic roles and cultural backgrounds.



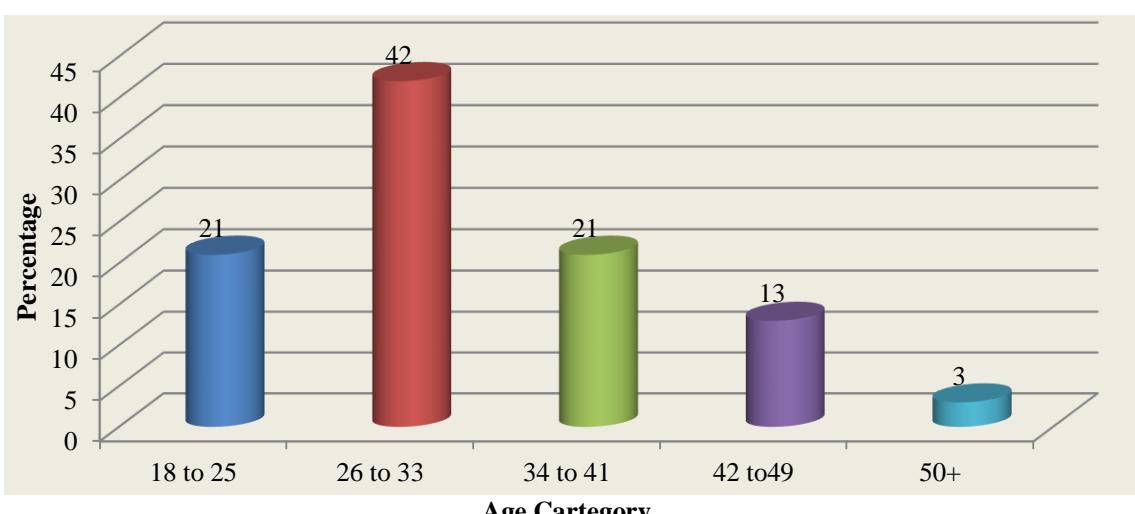
**Figure 6.2: Gender of respondents**

The majority of the respondents n=293 (63%) were married as shown in Figure 6.3. Single respondents n=171 (37%) were in the minority. The reason behind this might be that those who are married remain attached to their families; they prefer to remain in Zimbabwe unlike those who are single who have no attachment to the family and no children to care for (Biggs & Shah 2006:3045). Both single females and males easily leave for greener pastures because they are still young and have high ambitions unlike the married ones who are usually satisfied with the status quo (Gono 2009:32).



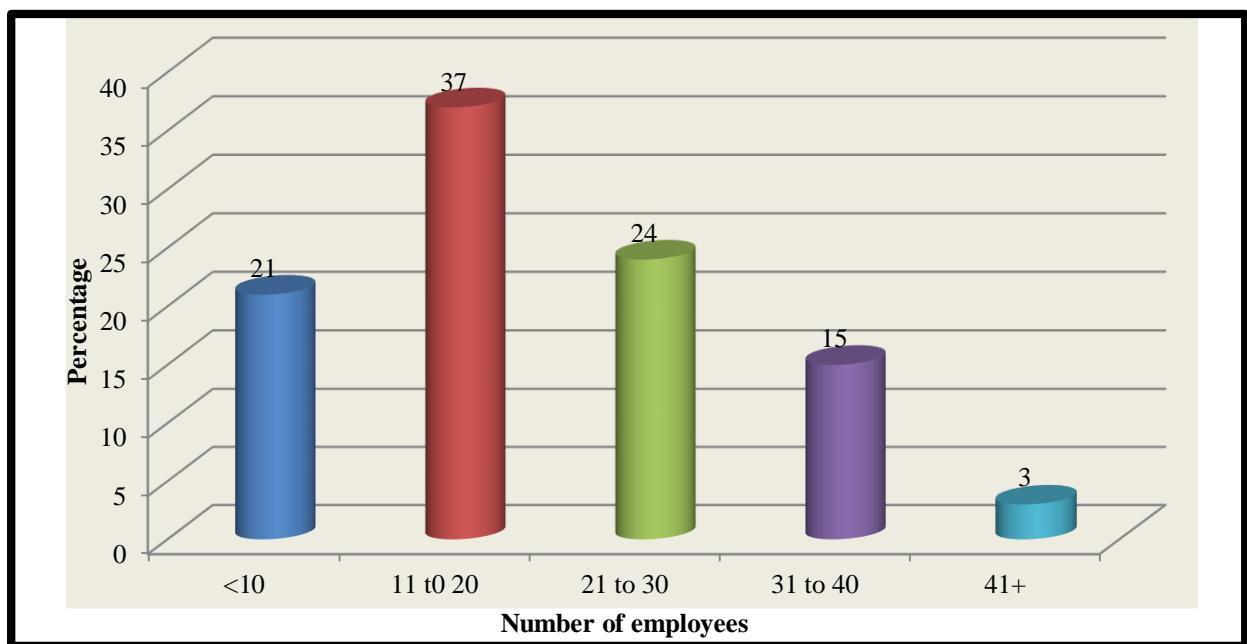
**Figure 6.3:** Marital status of respondents

Figure 6.4 show that the majority of the participants in the sample were between the age group 26-33 years ( $n=195$ ; 42%), followed by those that were in the age group between 18-25 years ( $n= 98$ ; 21%) and between 34-41 years ( $n=98$ ; 21%), followed by those in the age group 42-49 ( $n=61$ ; 13%). The least active are those above 50 years ( $n=12$ ; 3%). This explains why the youth were leaving because they have better chances of being employed anywhere else and the above 50 age group find difficulty in securing employment as they are close to their retirement age (Robbins & Judge 2011:192).



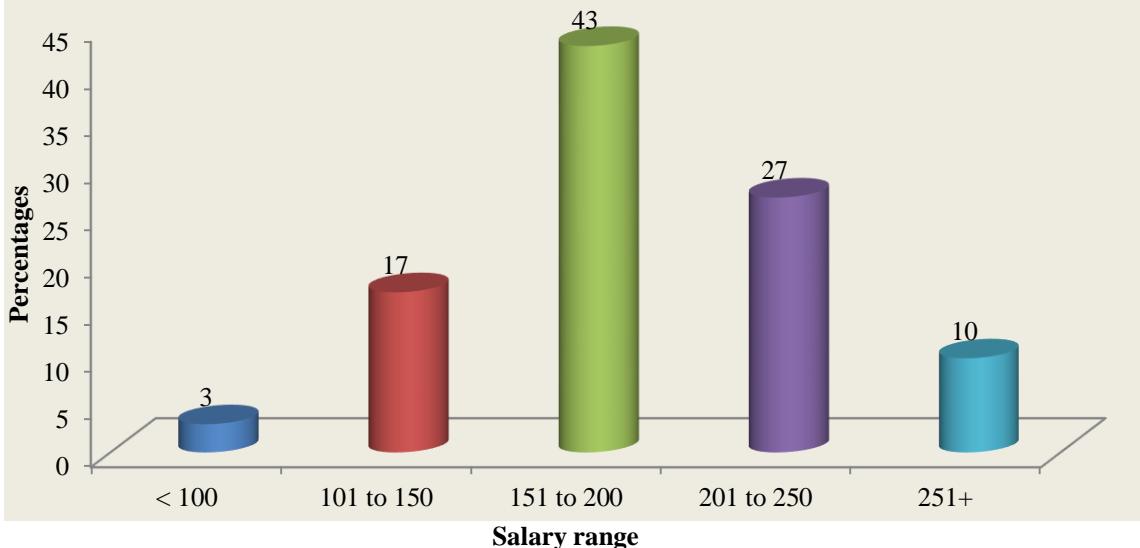
**Figure 6.4:** Age category of respondents

Figure 6.5 shows the number of employees employed in Zimbabwean SMEs. Those SMEs that employ between 10 to 20 employees constitute n=173 (37%) of the sample, followed by companies that employ between 20 to 30 employees, which constituted n=113 (24%), those that employ below 10 employees comprised n=95 (21%) and those that employ between 30 to 40 employees comprised n=68 (15%). Finally, those SMEs that employed more than 51 employees comprised n=15 (3%) of the sample. This pattern of employment may be attributed to the fact that SMEs in Zimbabwe are still in their infancy with very little capital injection, since Zimbabwe is still a developing country with major economic problems (Gono 2009:33). Similar patterns in Zimbabwe are also confirmed in developing countries such as Japan and Sri Lanka where it was found that the majority of SMEs are small rather than medium-sized (Pushpakumari & Watanabe 2009:67). A study also done in South Africa by Ferreira (2007:200) on business interventions and their perceived success of South Africa SMEs also confirmed the majority of SMEs are small enterprises.



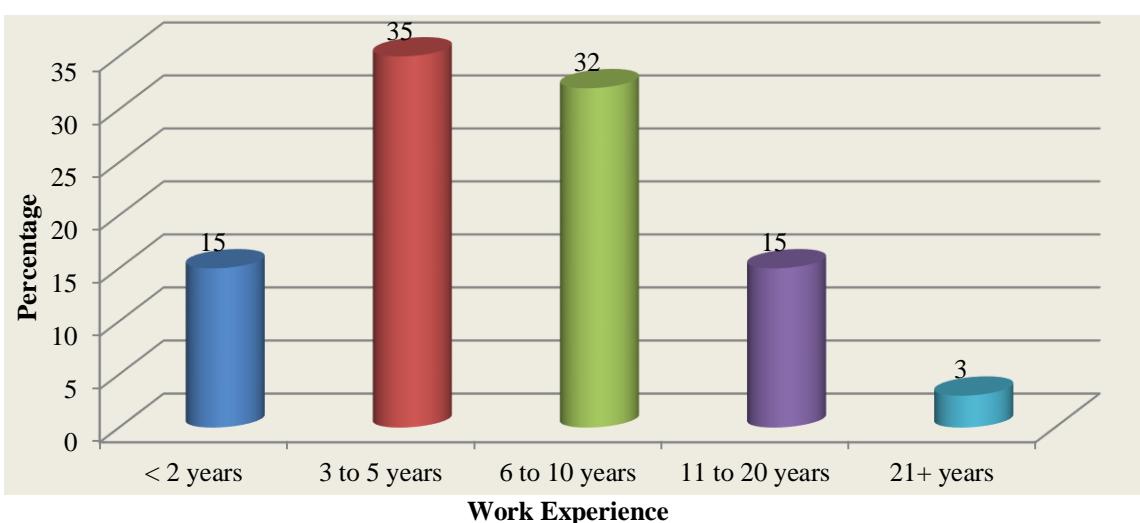
**Figure 6.5: Number of employees**

Figure 6.6 show the monthly salary earned by Zimbabwean SMEs employees. Most employees earn between 151\$US to 200 \$US which constitute n=201 (43%) of the sample. Those employees who earn between 201\$US-250\$US constitute n=126 (27%) of the sample. Those who earn between 100\$US-150\$US constitute n=80 (17%) of the sample. Those who earn 251\$US and more are very few and constitute just n=47 (10%). Those who earn less than 100\$US constitute n=10 (3%) of the sample.



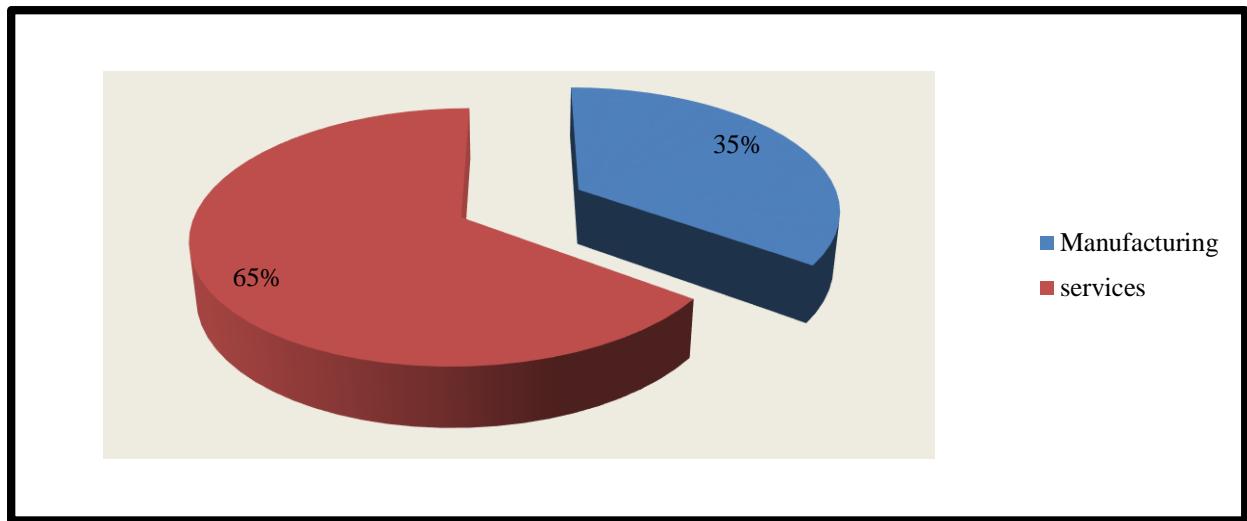
**Figure 6.6: Monthly salary in US dollar**

Figure 6.7 depicts the working experience of the respondents. Responses for the question related to working experience shows that the majority ( $n=165$ ; 35%) have worked between three to five years, followed by those who have worked between six to ten years ( $n=147$ ; 32%). Those who worked less than two years ( $n=70$ ; 15%); those who worked between 11 to 12 years ( $n=70$ ; 15%). Finally, only 13 respondents have worked for more than 21 years and constituted 3 percent of the population.



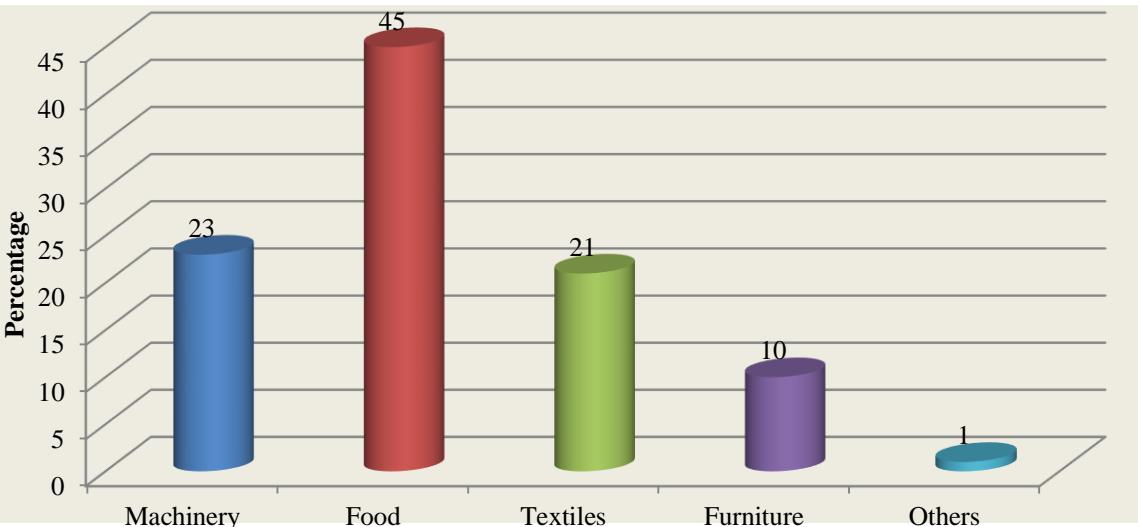
**Figure 6.7: Participants' working experience**

Figure 6.8 depicts the categories of industries within which the SMEs in the sample conducted their business. Guided by the Ministry of Small and Medium Enterprise in Zimbabwe, two sectors were represented in the sample that is, the manufacturing and the service sector. The sample shows that more employees worked in the service sector ( $n=301$ ; 65%) compared to those who worked in the manufacturing sector ( $n=163$ ; 35%).



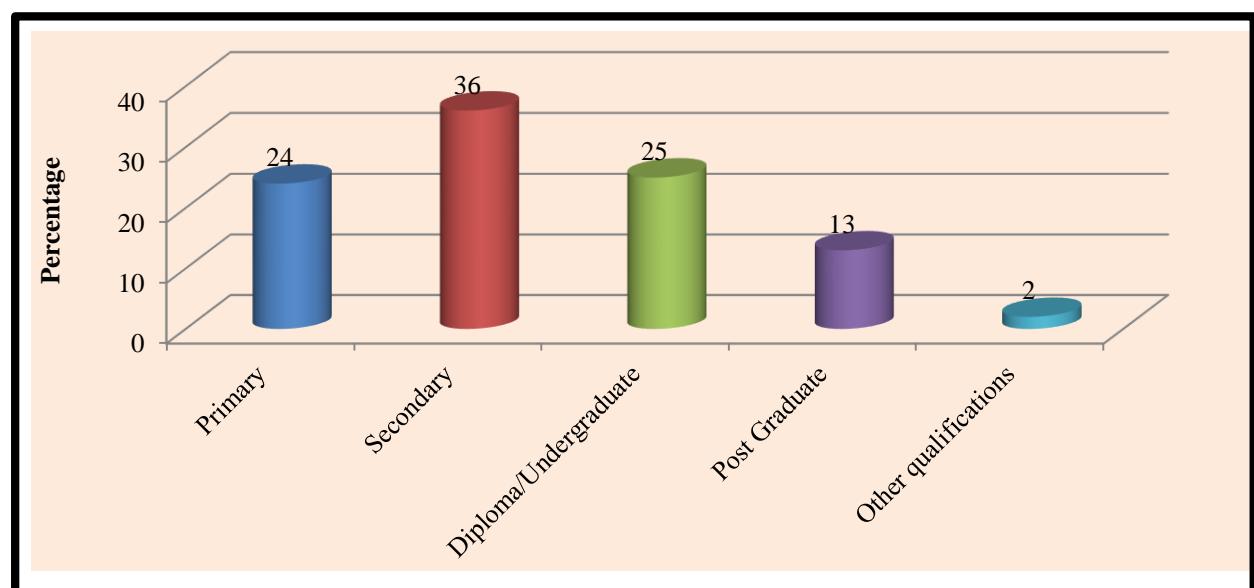
**Figure 6.8: Industry type**

Responses to the question related to the type of products produced in Zimbabwean SMEs are presented in Figure 6.9. The type of products that are produced varies. Food preparation occupied a larger percentage of SMEs in Zimbabwe ( $n=213$ ; 45%) mainly because women are in the majority and prefer food making, which is easier since most are lowly educated (Chinomona *et al.* 2010:185). This is followed by those working with machines producing steel products, which constitutes  $n=105$ ; (23%), textiles products comprise  $n=98$ ; (21%), furniture  $n=47$ ; (10%) and others constitute  $n=1$ ; (1%) of the sample.



**Figure 6.9: Product type**

With regard to education, Figure 6.10 show that most SME employees have secondary education ( $n=167$ ; 36%), followed by diploma or degree holders ( $n=123$ ; 25%), those with primary education ( $n=109$ ; 24%), post graduate education ( $n=61$ ; 13%) and other qualifications ( $n=4$ ; 2%). In Zimbabwe, those with primary or secondary education find it difficult to obtain employment in bigger companies. Even those with degrees and diplomas have flooded the SMEs because unemployment is very high, so joining the SMEs is the better option (Gono 2009:12). Very few postgraduates are employed by Zimbabwean SMEs because they can find greener pastures in other African countries and outside Africa (Chipika & Wilson 2006:969).



**Figure 6.10: Academic qualifications**

### 6.3

### INDEPENDENT SAMPLE T-TESTS

Independent sample t-tests were done to see if there are any meaningful differences within the data set for some given dimensions and variables. An independent sample t-test is done to show if there are any statistically significant differences in the mean scores for two groups with a given continuous variable in this case gender, marital status and industry type.

**Table 6.1: Group t-test statistic of OCB, EPE, OC, ITS and gender**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
<b>OCB</b>	Male	152	3.9053	1.72415	0.13985
	Female	312	6.2859	0.89216	0.05051
<b>EPE</b>	Male	152	3.8344	1.79152	0.14531
	Female	312	6.2799	0.95514	0.05407
<b>OC</b>	Male	152	3.8304	1.89319	0.15356
	Female	312	6.3358	0.92695	0.05248
<b>ITS</b>	Male	152	3.8250	1.95720	0.15875
	Female	312	6.4045	0.94715	0.05362

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

The means and standard deviations reported in Table 6.1 indicate that differences exist among the four factors, which are OCB, EPE, OC and ITS between male and female respondents.

**Table 6.2: Independent samples test of OCB, EPE, OC, ITS and gender**

		Levene's Test for Equality of Variances		t-test for Equality of Means			95% Confidence Interval of the difference	
		F	Sig.	t	df	Sig. (2-tailed)	Lower	Upper
<b>OCB</b>	Equal variances assumed	177.955	.000	-19.603	462	.000	-2.61928	-2.14199
	Equal variances not assumed			-16.011	191.382	.000	-2.67391	-2.08736
<b>EPE</b>	Equal variances assumed	193.412	.000	-19.171	462	.000	-2.69616	-2.19481
	Equal variances not assumed			-15.773	193.910	.000	-2.75128	-2.13969
<b>OC</b>	Equal variances assumed	240.502	.000	-19.148	462	.000	-2.76254	-2.24829
	Equal variances not assumed			-15.439	187.092	.000	-2.82555	-2.18529
<b>ITS</b>	Equal variances assumed	239.124	.000	-19.142	462	.000	-2.84429	-2.31468
	Equal variances not assumed			-15.394	186.244	.000	-2.91005	-2.24893

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1*

Table 6.2 reports on the Levene's test for equality of variance. A statistical significance difference is found between male and female respondents with regard to OCB, EPE, OC and ITS. On examination of the means (Table 6.1) female respondents showed a greater propensity towards OCB, EPE, OC and ITS in their respective organisations, compared to their male counterparts.

The means and standard deviations regarding OCB, EPE, OC and ITS reported in Table 6.3 and Table 6.4 indicate that differences exists among the four factors: OCB, EPE, OC and ITS between married and single respondents. Married employees seem to show a greater propensity towards OCB, EPE, OC and ITS compared to single employees.

**Table 6.3: Group t-test statistics on OCB, EPE, OC, ITS and marital status**

	Marital Status	N	Mean	Std. Deviation	Std. Error Mean
<b>OCB</b>	Married	293	5.7986	1.51169	0.08831
	Single	171	5.0047	1.78279	0.13633
<b>EPE</b>	Married	293	5.7907	1.56274	0.09130
	Single	171	4.9444	1.86164	0.14236
<b>OC</b>	Married	293	5.8377	1.57877	0.09223
	Single	171	4.9623	1.93943	0.14831
<b>ITS</b>	Married	293	5.8676	1.63328	0.09542
	Single	171	5.0316	2.00451	0.15329

*OCB=Organisational citizenship behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay.*

*Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

**Table 6.4: Independent Samples Test of OCB, EPE, OC, ITS and Marital Status**

		Levene's Test for Equality of Variances		T-test for Equality Means			95% Confidence Interval of the difference	
		F	Sig.	t	df	Sig. (2-tailed)	Lower	Upper
<b>OCB</b>	Equal variances assumed	10.730	.001*	5.103	462	.000	.48822	1.09970
	Equal variances not assumed			4.888	310.748	.000	.47434	1.11357
<b>EPE</b>	Equal variances assumed	14.595	.000*	5.238	462	.000	.52873	1.16373
	Equal variances not assumed			5.004	308.228	.000	.51345	1.17901
<b>OC</b>	Equal variances assumed	20.589	.000*	5.288	462	.000	.55006	1.20071
	Equal variances not assumed			5.012	300.731	.000	.53169	1.21908
<b>ITS</b>	Equal variances assumed	20.908	.000*	4.883	462	.000	.49959	1.17241
	Equal variances not assumed			4.630	300.956	.000	.48068	1.19132

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at p< 0.05 level.*

*Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Independent sample t-tests were also performed to examine whether differences exist regarding the industry types, the employees work in. These results are reported in Table 6.5 and Table 6.6.

**Table 6.5: Group t-test statistics of OCB, EPE, OC, ITS and Industry type**

	<b>Marital Status</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
<b>OCB</b>	Manufacturing Industry	163	5.5607	1.53073	0.11990
	Service Industry	301	5.4764	1.72754	0.09957
<b>EPE</b>	Manufacturing Industry	163	5.5358	1.63118	0.12776
	Service Industry	301	5.4480	1.77740	0.10245
<b>OC</b>	Manufacturing Industry	163	5.5883	1.67118	0.13090
	Service Industry	301	5.4755	1.82227	0.10503
<b>ITS</b>	Manufacturing Industry	163	5.6429	1.70036	0.13318
	Service Industry	301	5.5143	1.88622	0.10872

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1*

The means and standard deviations reported in Table 6.5 and the Levene's test for equality of variance in Table 6.6 indicate that significant differences only exist between OCB and sector type.

**Table 6.6: Independent Samples Test of OCB, EPE, OC, ITS and Industry type**

		Levene's Test for Equality of Variances		T-test for Equality of Means			95% Confidence Interval of the difference	
		F	Sig.	t	df	Sig. (2-tailed)	Lower	Upper
<b>OCB</b>	Equal variances assumed	4.102	.043*	.522	462	.602	-.23314	.40178
	Equal variances not assumed			.541	368.004	.589	-.22215	.39080
<b>EPE</b>	Equal variances assumed	2.681	.102	.523	462	.601	-.24230	.41797
	Equal variances not assumed			.536	357.487	.592	-.23423	.40990
<b>OC</b>	Equal variances assumed	2.479	.116	.655	462	.513	-.22558	.45122
	Equal variances not assumed			.672	357.698	.502	-.21723	.44288
<b>ITS</b>	Equal variances assumed	3.389	.066	.726	462	.468	-.21976	.47708
	Equal variances not assumed			.748	362.839	.455	-.20943	.46675

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at  $p<0.05$  level. Note: 1. \*\*\* $p$ -value $<0.001$ , \*\* $p$ -value $<0.05$ , \* $p$ -value $<0$ .*

On examining the means, employees in the manufacturing sector seem to show slightly more propensity towards OCB compared to those in the service sector.

#### **6.4 ANALYSIS OF VARIANCE**

Bradley (2007:50) argued that the analysis of variance (ANOVA) is a method for investigating the way in which the mean of variables is affected by different types and combinations of factors. Bryman (2004:57) stated that ANOVA is founded on a researcher's desire to determine whether a statistically significant difference exists between the means for two or more groups in the sample with a given variable. For this study the mean for each factor was computed and compared in order to examine the discriminatory power of alternative choices on the measurement scales. Six independent analyses of variances were conducted.

Table 6.7 reports on the ANOVA test that was conducted between OCB, EPE, OC and ITS and age of the respondents. The age categories are: 18-25, 26-33, 34-41, 42-49 and 50 and above.

The ANOVA test revealed no statistically significant between OCB ( $F= 1.856$ ,  $p =\text{Value } 0.106$ ); EPE ( $F= 1.921$ ,  $p=\text{Value } 0.106$ ); OC ( $F= 2.106$ ,  $p= \text{value } 0.270$ ); ITS ( $F= 2.086$ ,  $p=\text{value } 0.382$ ) and age.

**Table 6.7: ANOVA – OCB, EPE, OC, ITS and age category**

		Sum of Squares	df	Mean Square	F	Sig.
OCB	Between Groups	20.301	4	5.075	1.856	0.117
	Within Groups	1255.362	459	2.735		
	Total	1275.663	463			
EPE	Between Groups	22.712	4	5.678	1.921	0.106
	Within Groups	1356.885	459	2.956		
	Total	1379.597	463			
OC	Between Groups	26.135	4	6.534	2.106	0.279
	Within Groups	1423.858	459	3.102		
	Total	1449.993	463			
ITS	Between Groups	27.447	4	6.862	2.086	0.382
	Within Groups	1510.031	459	3.290		
	Total	1537.478	463			

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at  $p<0.05$  level. Note: 1. \*\*\* $p$ -value $<0.001$ , \*\* $p$ -value $<0.05$ , \* $p$ -value $<0.1$ .*

Table 6.8 shows that the ANOVA test that was conducted between OCB, EPE, OC and ITS and monthly salary of employees. The monthly salary categories were below 100\$US, 101\$US - 150\$US, 151\$US - 200\$US, 201\$US - 250\$US and 251\$US and above US dollars. The ANOVA test revealed statistically no significant differences between OCB ( $F= 0.937$ ,  $p -\text{value } =0.442$ ); EPE ( $F= 0.874$ ,  $p-\text{value}= 0.479$ ); OC ( $F= 0.827$ ,  $p- \text{value}= 0.508$ ); ITS ( $F= 0.708$ ,  $p-\text{value}= 0.586$ ) and the various salary categories.

**Table 6.8: OCB, EPE, OC, ITS and monthly salary**

		Sum of Squares	df	Mean Square	F	Sig.
<b>OCB</b>	Between Groups	10.332	4	2.583	0.937	0.442
	Within Groups	1265.331	459	2.757		
	Total	1275.663	463			
<b>EPE</b>	Between Groups	10.429	4	2.607	0.874	0.479
	Within Groups	1369.169	459	2.983		
	Total	1379.597	463			
<b>OC</b>	Between Groups	10.381	4	2.595	0.827	0.508
	Within Groups	1439.612	459	3.136		
	Total	1449.993	463			
<b>ITS</b>	Between Groups	9.434	4	2.358	0.708	0.586
	Within Groups	1528.044	459	3.329		
	Total	1537.478	463			

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

In Table 6.9, ANOVA test was conducted between OCB, EPE, OC, ITS and work experience of employees in the company. The categories for working experience were below two years, three to five years, six to 10 years, 11 to 20 years and 21 years and above. The ANOVA test revealed no statistically significant between OCB ( $F= 1.332$ , p-Value 0.257) and EPE ( $F= 1.060$ , p-Value 0.376).

**Table 6.9: ANOVA- OCB, EPE, OC, ITS and work experience**

		Sum of Squares	df	Mean Square	F	Sig.
<b>OCB</b>	Between Groups	14.643	4	3.661	1.332	0.257
	Within Groups	1261.020	459	2.747		
	Total	1275.663	463			
<b>EPE</b>	Between Groups	12.622	4	3.155	1.060	0.376
	Within Groups	1366.975	459	2.978		
	Total	1379.597	463			
<b>OC</b>	Between Groups	16.397	4	4.099	1.312	0.264
	Within Groups	1433.596	459	3.123		
	Total	1449.993	463			
<b>ITS</b>	Between Groups	17.943	4	4.486	1.355	0.249
	Within Groups	1519.535	459	3.311		
	Total	1537.478	463			

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at  $p<0.05$  level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

The ANOVA test was conducted between OCB, EPE, OC, ITS and academic qualifications of employees in the company. These results are reported in Table 6.10. The categories for academic qualifications are primary education, secondary education, diploma/undergraduate degree, postgraduate qualifications and other qualifications. The ANOVA test revealed statistically significant differences between OCB ( $F= 46.201$ ,  $p$  -value= 0.000); EPE ( $F= 49.641$ ,  $p$ -value= 0.000); OC ( $F= 44.898$ ,  $p$ - value =0.000); ITS ( $F= 43.997$ ,  $p$ -value= 0.000) and the qualifications of employees. Subsequently, there were some substantial differences between means, then according to Brynard and Hanekom (2008:15), post- hoc analysis was essential to see where the differences lie. Post-hoc analysis using Dunnet T3 method was conducted to ascertain at what level of education differences occurred. Table 6.11 is an excerpt of the post hoc statistics.

**Table 6.10: ANOVA- OCB, EPE, OC, ITS and academic qualification**

		Sum of Squares	df	Mean Square	F	Sig.
<b>OCB</b>	Between Groups	366.181	4	91.545	46.201	0.000***
	Within Groups	909.482	459	1.981		
	Total	1275.663	463			
<b>EPE</b>	Between Groups	416.597	4	104.149	49.641	0.000***
	Within Groups	963.000	459	2.098		
	Total	1379.597	463			
<b>OC</b>	Between Groups	407.781	4	101.945	44.898	0.000***
	Within Groups	1042.212	459	2.271		
	Total	1449.993	463			
<b>ITS</b>	Between Groups	426.116	4	106.529	43.997	0.000***
	Within Groups	1111.362	459	2.421		
	Total	1537.478	463			

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at  $p<0.05$  level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Significant differences were noted with regard to those employees who are in possession of a primary education (mean=6.38) and secondary education (mean=6.02) compared to those employees who were in possession of a diploma (mean=4.92) or post graduate qualification (mean=3.71) with regard to OCB. On examination of the means, it seems that those who are lowly qualified (with primary and secondary education) seem to show greater propensity towards OCB in their organisations. A plausible reason for this may be that it is hard for them to seek greener pastures or easily find work anywhere because they do not have special skills (Robbins & Judge 2011:336).

**Table 6.11: Post-hoc analysis- OCB and academic qualification**

<b>Dependent Variable</b>	<b>(I) Level of education</b>	<b>(J) Level of education</b>	<b>Sig.</b>	<b>95% Confidence Interval</b>	
				<b>Lower Bound</b>	<b>Upper Bound</b>
<b>OCB</b>	Primary education (mean=6.3872)	Diploma/Undergraduate (mean=4.9203)	0.000***	0.9597	1.9739
		Post graduate qualifications (mean=3.7180)	0.000***	2.0527	3.2855
	Secondary education (mean=6.0204)	Diploma/Undergraduate (mean=4.9203)	0.000***	0.6420	1.5581
		Post graduate qualifications (mean=3.7180)	0.000***	1.7256	2.8791

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at p<0.05 level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Table 6.11 shows that the differences were found between employees who were in possession of primary education (mean=6.3872), secondary education (mean=6.0204), diploma or undergraduate (mean=4.9203) and post graduate qualifications (mean=3.7180) and their perception with regard to OCB. On examination of the means with regard to the different levels of educational qualification, those with higher education seem to place little value on OCB when compared to uneducated individuals. A study done by Polat (2009:1593) in Turkey's two provinces that were selected from seven geographical regions, shows that teachers with low education display high levels of OCB because in reality it is difficult for them to be employable everywhere. These empirical results are supported by Ackfeldt and Coote (2005) who did a study in the United States. These two studies reveal that highly educated employees seem to show little seriousness of OCBs compared to the less educated employees.

**Table 6.12: Post-hoc analysis- EPE and academic qualification**

<b>Dependent Variable</b>	<b>(I) Level of education</b>	<b>(J) Level of education</b>	<b>Sig.</b>	<b>95% Confidence Interval</b>	
				<b>Lower Bound</b>	<b>Upper Bound</b>
<b>EPE</b>	Primary education (mean=6.4006)	Diploma/Undergraduate (mean=4.8631)	0.000***	0.9597	1.9739
		Post graduate qualifications (mean=3.6667)	0.000***	2.0527	3.2855
	Secondary education (mean=6.0299)	Diploma/Undergraduate (mean=4.8631)	0.000***	0.6420	1.5581
		Post graduate qualifications (mean=3.6667)	0.000***	1.7256	2.8791
		Other qualifications (mean=5.6667)	0.039**	-4.1622	-.0673

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at p<0.05 level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Table 6.12 shows that the differences were found between employees who completed primary education (mean=6.4006) and secondary education (mean=6.0299), diploma or undergraduate (mean=4.8631) and post graduate qualifications (mean=3.6667) and other qualifications (mean=5.6667) holders with regard to EPE. On examination of the means with regard to the different levels of educational qualification, those with higher education seem to place little value to EPE than to uneducated individuals. Persons with post-graduate qualifications (M=3.67) agree to a statistically significantly extent with the items than do persons with lower qualifications. There is an inverse association between EPE and educational qualifications in the sense that the higher the qualifications, the lower the extent of agreement with EPE.

**Table 6.13: Post-hoc analysis-OC and level of education**

<b>Dependent Variable</b>	<b>(I) Level of education</b>	<b>(J) Level of education</b>	<b>Sig.</b>	<b>95% Confidence Interval</b>	
				<b>Lower Bound</b>	<b>Upper Bound</b>
OC	Primary education (mean=6.4546)	Diploma/Undergraduate (mean=4.8555)	0.000***	1.0563	2.1420
		Post graduate qualifications (mean=3.6667)	0.000***	2.1281	3.4478
	Secondary education (mean=6.0599)	Diploma/Undergraduate (mean=4.8555)	0.000***	0.7141	1.6948
		Post graduate qualifications (mean=3.6667)	0.000***	1.7758	3.0106
		Other qualifications (mean=5.6389)	0.085*	-4.1022	-.1577

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at p<0.05 level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Table 6.13 shows that the differences were found between employees who were in possession of primary education (mean=6.4546), secondary education (mean=6.0599), diploma or undergraduate (mean=4.8555) and post graduate qualifications (mean=3.6667 and other qualifications (mean= 5.6389) holders with respect to OC. Likewise, this shows that educated and skilled individuals place little value to OC than those with primary and secondary education who find it difficult to get jobs (Robbins & Judge 2011:335). A study done by Chinen and Enomoto (2004:53) in Mexican quality control circles (QCC) in northern Mexico assembly plants shows that employees of the QCC with higher education assign less value to OC compared to members with lower education. Clercq and Rius (2007:470) study in Mexican small and medium-sized firms supported the empirical results obtained and came up with similar results.

**Table 6.14: Post-hoc analysis-ITS and level of education**

<b>Dependent Variable</b>	<b>(I) Level of education</b>	<b>(J) Level of education</b>	<b>Sig.</b>	<b>95% Confidence Interval</b>	
				<b>Lower Bound</b>	<b>Upper Bound</b>
ITS	Primary education (mean=6.5321)	Diploma/Undergraduate (mean=4.8715)	0.000***	1.1000	2.2211
		Post graduate qualifications (mean=3.6852)	0.000***	2.1655	3.5283
	Secondary education (mean=6.1042)	Diploma/Undergraduate (mean=4.8715)	0.000***	0.7263	1.7390
		Post graduate qualifications (mean=3.6852)	0.000***	1.7814	3.0565
		Other qualifications (mean=6.0500)	0.028**	-4.5642	-.1653

*OCB=Organisational Citizenship Behaviour; EPE= Employee Perception of Equity; OC=Organisational Commitment; ITS=Employee Intention to Stay. \* Significant at p<0.05 level. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1.*

Table 6.14 shows that the differences were found between employees who were in possession of primary education (mean=6.5321), secondary education (mean=6.1042), diploma or undergraduate (mean=4.8715) and post graduate qualifications (mean=3.6852) and other qualifications (mean=6.0500) holders with regard to ITS. This indicates that educated and skilled individuals show greater propensity to leave the organisation or non-committal to the organisation as compared to those who are less educated. According to Ghapanchi and Aurum (2011:240) those who are educated and have skills, have more opportunities to look for jobs anywhere else since SMEs do not pay lucrative salaries.

## 6.5 RELIABILITY OF TEST RESULTS

Three methods, namely Cronbach's alpha test (Cronbach  $\alpha$ ), composite reliability test (CR) and average value extracted (AVE) test were used in the study to check on the reliability of the research measures. Table 6.15 displays the results of these entire three tests used to check the reliability of the research measure.

**Table 6.15: Accuracy analysis statistics**

Research Constructs	Descriptive Statistics*		Cronbach's Test		C.R.	AVE	Factor Loading	Highest S.V
	Mean	SD	Item-total	$\alpha$ Value				
OCB-1	5.58	1.666	0.939	0.983	0.983	0.922	0.946	
OCB-2			0.962				0.967	
OCB-3			0.952				0.963	0.760
OCB-4			0.953				0.966	
OCB-5			0.945				0.960	
EPE-1	5.52	1.735	0.950	0.987	0.987	0.931	0.960	
EPE-2			0.955				0.961	0.762
EPE-3			0.950				0.962	
EPE-4			0.953				0.959	
EPE-5			0.958				0.961	
EPE-6			0.957				0.974	
OC-1			0.958				0.965	
OC-2			0.960				0.963	
OC-3			0.961				0.966	
OC-4	5.47	1.822	0.967	0.993	0.992	0.937	0.970	
OC-5			0.965				0.967	
OC-6			0.965				0.969	0.760
OC-7			0.967				0.971	
OC-8			0.966				0.970	
OC-9			0.969				0.974	
ITS-1	5.55	1.831	0.975	0.991	0.979	0.904	0.981	
ITS-2			0.971				0.976	0.762
ITS-3			0.965				0.971	
ITS-4			0.973				0.980	
ITS-5			0.980				0.840	

Note: OCB= Organisational Citizenship Behaviour EPE= Employee Perception of Equity OC=Organisational Commitment ITS= Employee Intention to Stay C.R.: Composite Reliability; AVE: Average Variance Extracted; S.V=Shared Variance; \* Scores: 1 – Strongly Disagree; 3 – Neutral; 7 – Strongly Agree a significance level  $p < 0.05$ ; b significance level  $p < 0.01$ ; c significance level  $p < 0.001$  Measurement CFA model fits:  $\chi^2/(df) = 2.69$ , GFI= 0.91, AGFI= 0.86, CFI = 0.98, TLI = 0.97, and RMSEA = 0.061.

### **6.5.1 Cronbach's alpha test**

In this study, the internal reliability of each construct was assessed using the standardised Cronbach's coefficient alpha. A greater level of Cronbach's coefficient alpha confirmed a higher reliability of the scale. Moreover, higher inter-item correlations exposed statistical agreement among the measured items. The results of scale reliability tests are shown in Table 6.15. Further, the item-to-total values ranged from 0.939 to 0.980, which were above the cut-off point of 0.5 as recommended by Anderson and Gerbing (1988:411). Cronbach's alpha value that is equal or greater than 0.7 suggested by Blunch (2008:35) indicates satisfactory reliability. Table 6.15, reports Cronbach's alpha coefficients ranging from 0.983 to 0.993. This means that all the Cronbach's alpha values exceeded the recommended threshold of 0.7 reported in literature (Hair, Bush & Ortinau 2000:44) and, therefore, confirming that the measures used in this study are reliable.

### **6.5.2 Composite reliability**

The internal reliability of each construct was also evaluated using the CR index test. Following the formula earlier (See Chapter 5, Section 5.12.2) provided to calculate composite reliability the results are tabulated in Table 6.15. According to the literature a composite reliability index that is greater than 0.7 depicts an adequate internal consistency of the construct (Hair *et al.* 2006:38). The results in Table 6.15 indicate that CR indexes were between 0.983 and 0.993. These values exceeded the estimate (Hair *et al.* 2010:334) thus inferring satisfactory composite reliability.

### **6.5.3 Average variance extracted**

In this study, the average variance extracted estimate revealed that the overall amount of variance in the indicators was accounted for by the latent construct. Higher values for the variance extracted estimate (greater than 0.40) revealed that the indicators represented the latent construct. Overall, all average variance explained (AVE) values were above 0.5 (refer to Table 6.15), thus accepted according to the literature (Fraering & Minor 2006:284). The results in Table 6.15 indicate that AVE indexes were between 0.904 and 0.937. These results provided evidence for acceptable levels of research scale reliability because they far exceeded the threshold of greater than 0.5. Altogether, the construct reliabilities and the average variance extracted estimates suggest the scales are internally consistent.

#### **6.5.4 Convergent validity**

Convergent validity was evaluated by testing if individual item loadings for each corresponding research construct was above the recommended value of 0.5 (Sin *et al.* 2005:569). As indicated in Table 6.15, the factor loadings ranged from 0.840 to 0.981. The factor loadings are all close to 1 showing a very close perfect fit status. Therefore, all the items finally used had a loading of more than the recommended 0.5, indicating acceptable individual item convergent validity as more than 90 percent of each item's variance was shared with its respective construct. This evidence supported the convergent validity of all scale items. Moreover, the composite reliability was above the recommended threshold of 0.6, and, therefore, further confirming the existence of convergent validity.

#### **6.5.5 Correlation matrix**

One of the techniques used to check on the discriminant validity of the research constructs was the assessment of whether the correlations among latent constructs were less than or equal to 0.6. As indicated in Table 6.16, the inter-correlation values for all paired latent variables are less than or equal to 0.6, therefore, showing the existence of discriminant validity. However, since the correlation values of OCB and EPE is 0.555, as well as (OC) and OCB is 0.578, OC and EPE is 0.600, ITS and OCB is 0.558, ITS and EPE is 0.583 and ITS and OC is 0.594 were all less than or equal to 0.600, which is within the recommended threshold (Bryman & Bell 2007:164). See Table 6.16, it provides evidence of discriminant validity.

**Table 6.16: Correlations between constructs**

<b>RESEARCH CONSTRUCT</b>	<b>OCB</b>	<b>EPE</b>	<b>OC</b>	<b>ITS</b>
OCB	1.000			
EPE	0.555	1.000		
OC	0.578	0.600	1.000	
ITS	0.558	0.583	0.594	1.000

#### **6.5.6 Average variance extracted and shared variance**

Sin *et al.* (2005:569) mentioned that discriminant validity was also proven by checking if the AVE value was greater than the highest SV value. Nonetheless, this study further questioned the AVE and the shared variance values (SV). Discriminant validity was established by checking and confirming that the AVE values were greater than the highest SV values

(Nunnally, 1978:246). As is shown in Table 6.15, all the AVE values are above the SV values for all the research constructs, consequently, further confirming the existence of discriminant validity.

### **6.5.7 $\Delta \chi^2$ Confirmatory factor analysis test**

The third method used to sanction the presence of discriminant validity is the Chi-square difference in all two-factor solutions (i.e., any paired latent constructs) CFA tests (which restricted the factor inter-correlations to unity) (Hair *et al.* 2010:55). As such, the Chi-square differences between the constrained and unconstrained models were all significant based on one degree of freedom of difference and, therefore, provided evidence of discriminant validity between the constructs in the theoretical model. All the related results are shown in Tables 6.17.

**Table 6.17: Chi-square differences (constrained-unconstrained) in all CFA tests**

Research constructs	OCB	EPE	OC	ITS
Organisational Citizenship Behaviour (OCB)	63.324 <sup>c</sup>	--		
Employee Equity (EPE)	44.188 <sup>c</sup>	82.192 <sup>c</sup>	--	
Organisational Commitment (OC)	34.702 <sup>c</sup>	50.527 <sup>c</sup>	90.548 <sup>c</sup>	--
Intention to Stay (ITS)	28.901 <sup>c</sup>	65.988 <sup>c</sup>	88.286 <sup>c</sup>	61.101 <sup>c</sup>

Note: a significance level  $p<0.05$ ; b significance level  $p<0.1$ ; c significance level  $p<0.001$

### **6.5.8 Conceptual model fit assessments**

In accordance with the two-step procedure suggested by Blunch (2008:129), prior to testing the hypotheses, confirmatory factor analysis (CFA) was performed to examine scale accuracy (including discriminant validity, convergent validity and reliability) of the multiple-item construct measures using AMOS 21.0. Acceptable model fit was indicated by chi-square value over degree of freedom ( $\chi^2/\text{df}$ ) of value between 1 and 3, the values of GFI, CFI, IFI and TLI equal to or greater than 0.90 and the RMSEA value to be equal to or less than 0.08. Recommended statistics for the final overall-model assessment showed acceptable fit of the measurement model to the data. All correlation values were less than 0.8, the measurement model produced a ratio of chi-square value over degree-of-freedom of 2.69, and GFI, AGFI, CFI, TLI and RMSEA were 0.91, 0.86, 0.98, 0.97, and 0.061 respectively. NFI=0.903,

RFI=0.892, TLI= 0.901. Since an acceptable CFA measurement model fit was obtained, the study proceed to hypothesis testing stage using structural equation modeling with AMOS 21.0 software programme.

## 6.6 STRUCTURAL EQUATION MODELING

In order to test the proposed relationships simultaneously, structural equation modeling (SEM) was required. With SEM, the structure of relations can be modelled pictorially, enabling a clearer conceptualisation of the theory under study (Cooper & Schindler 2011:539-541). The hypothesised model can be tested statistically in a simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data.

### 6.6.1 Model fit results

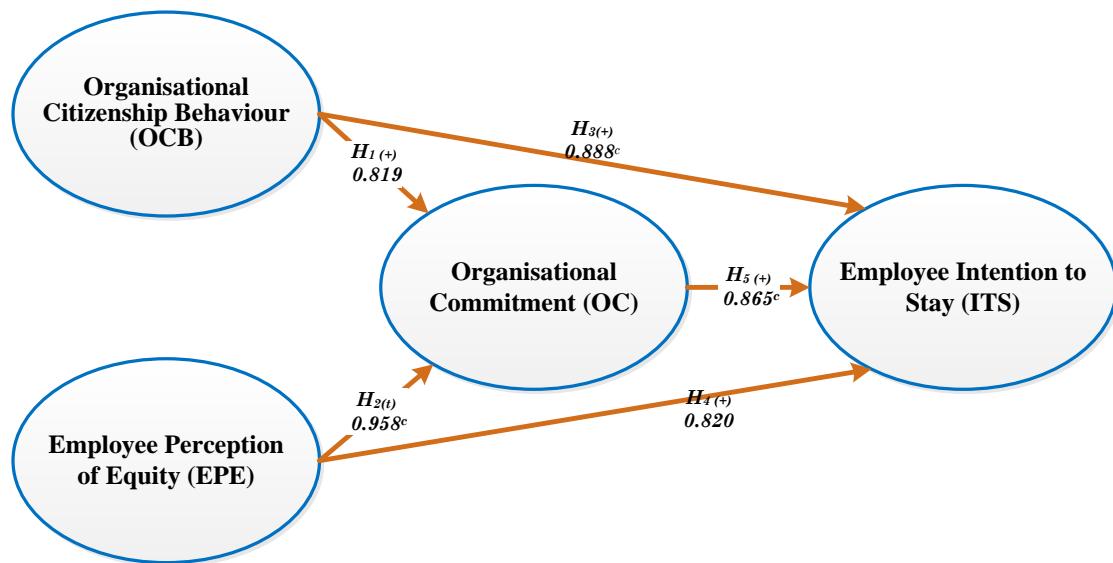
The proportion of Chi-square over degree-of-freedom was 2.80. This value is less than the recommended threshold of 3.0 and, therefore, confirms the model fit. Additional GFI, AGFI, CFI, TLI, and RMSEA values were 0.89, 0.88, 0.96, 0.98, and 0.060 respectively. All these model fit measures were above recommended marginally accepted threshold of greater than 0.8 for GFI, AGFI, CFI, TLI and less than 0.8 for RMSEA (Anderson & Gerbing 1988:55), which suggested that the suggested conceptual model converged well and could be a plausible representation of the underlying practical data structure collected in Zimbabwe. Since the model fit is acceptable the study proceeded to test the research hypotheses. The corresponding coefficients of the research hypotheses that posited the existence of positive associations between the variables and outcome consequences were then observed.

**Table 6.18: Results of structural equation model analysis**

Hypothesis Statement	Hypothesis	Path coefficient
Organisational citizenship behaviour → commitment	H1	0.819 <sup>c</sup>
Employee perception of equity → Commitment	H2	0.958 <sup>c</sup>
Organisational citizenship behaviour → Intention to stay	H3	0.888 <sup>c</sup>
Employee perception of equity → Intention to stay	H4	0.820 <sup>c</sup>
Organisational commitment → Intention to stay	H5	0.865 <sup>c</sup>

*Structural model fits:  $\chi^2/df=2.80$ ; GFI=0.89; AGFI=0.88; CFI= 0.96; TLI=0.98; RMSEA=0.060.  
Note: 1. \*\*\* $p$ -value<0.001, \*\* $p$ -value<0.05, \* $p$ -value<0.1; using a significance level of 0.05, critical ratios ( $t$ -value) that exceed 1.96 would be called significant. 2. The parameter compared by others is set as 1, therefore, no C.R. It is determined as significant.*

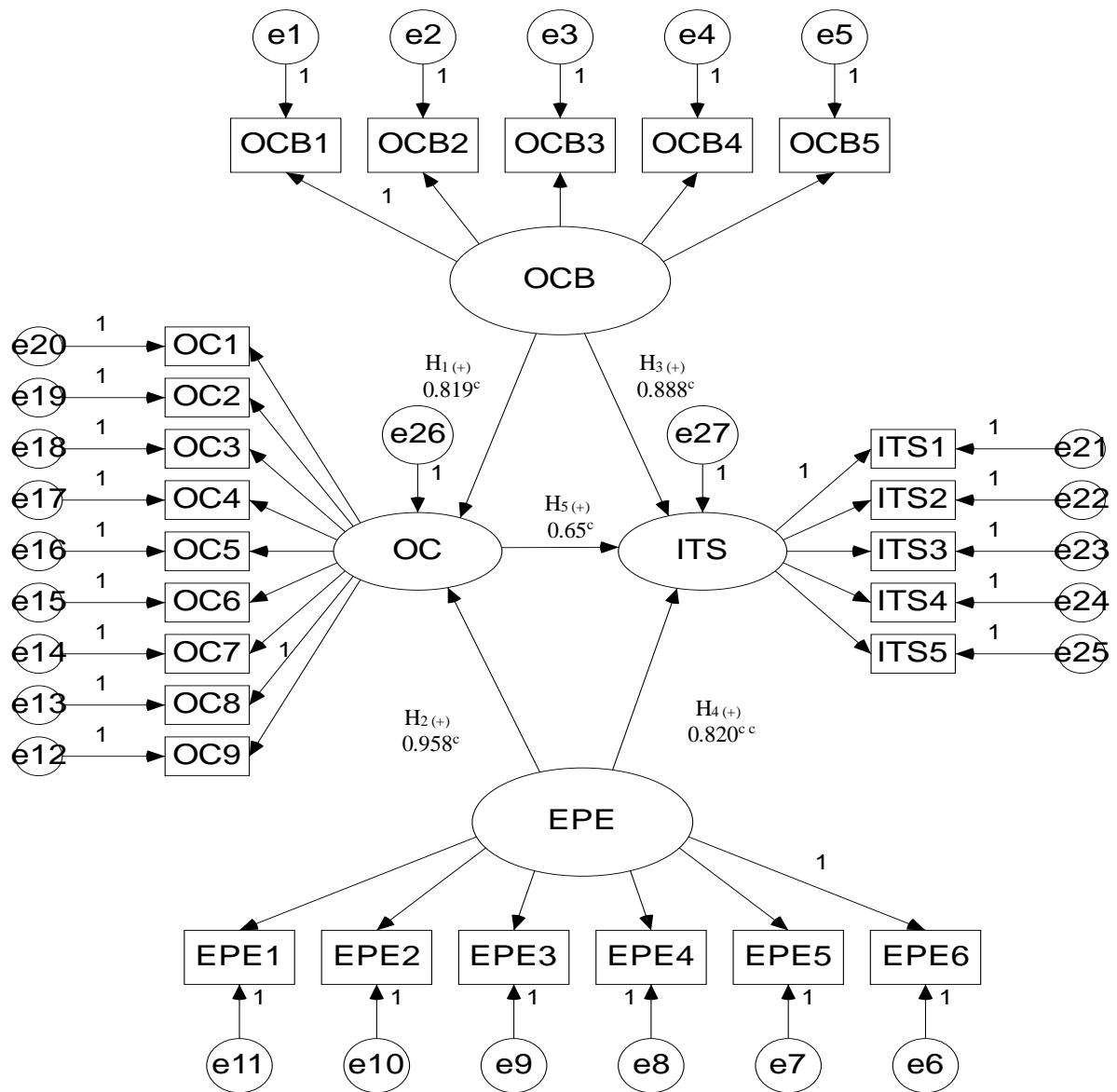
In Table 6.18 all the hypotheses are significant and strong because all the path coefficients are greater than 0.5. The highest path coefficient is EPE and OC, which was 0.958, showing statistical significance indicating that in companies where employees perceptions of equity is high, OC is also perceived to high (Almar 2005:14). The lowest path coefficient was OCB and OC, which was 0.819. It is slightly lower than the highest path coefficient. This shows that all the path coefficients are significant. Figure 6.11 shows the relationships between the five hypotheses and their path coefficients.



**Figure 6.11: Research model relationships**

*Note: Research structure model fits: Structural model fits:  $\chi^2/df=2.80$ ; GFI=0.89; AGFI=0.88; CFI=0.96; TLI=0.98; RMSEA=0.060. Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1; using a significance level of 0.05, critical ratios (t-value) that exceed 1.96 would be called significant. 2. The parameter compared by others is set as 1, therefore, no C.R. It is determined as significant.*

These relationships lend support to the previous findings by Almar (2005:20), Cho and Johanson (2008:308), Cater and Zabka (2009:711), Mustapha, Ahmad, Uli and Idris (2010:61). These studies confirmed that there is a positive relationship between all five hypotheses. Figure 6.12 shows the variables, measurement instruments and error terms of the four variables, which are OCB, EPE, OC and ITS. The associated path coefficients are shown in Figure 6.12.



OCB=Organisational citizenship behaviour, EPE=Employee perception of equity, OC=Organisational commitment, ITS=Employee intention to stay

**Figure 6.12: Path diagram for model structure**

Research structure model fits:  $\chi^2/df=2.80$ ; GFI=0.89; AGFI=0.88; CFI= 0.96; TLI=0.98; RMSEA=0.06 ; Note: 1. \*\*\*p-value<0.001, \*\*p-value<0.05, \*p-value<0.1; using a significance level of 0.05, critical ratios (t-value) that exceed 1.96 would be called significant.2. The parameter compared by others is set as 1, therefore, no C.R. It is determined as significant.

Figure 6.12 confirmed that there is a strong positive relationship for all four constructs. Figure 6.12 shows all the measurement instruments for each construct, error terms and path coefficients. Table 6.21 shows the p-values and critical ratios of the hypotheses.

**Table 6.19: Paths of the hypotheses**

<b>Paths</b>		<b>P-values</b>	<b>C.R</b>
H1 Organisational citizenship behaviour to organisational commitment		<0.001	6.06
H2 Employee perception of equity to organisational commitment		<0.001	6.15
H3 Organisational citizenship behaviour to intention to stay		<0.001	4.62
H4 Employee perception of equity to intention to stay		<0.001	4.54
H5 Organisational commitment to intention to stay		<0.001	4.75

Note: 1. \*\*\* $p$ -value<0.001, . \*\* $p$ -value<0.05, \* $p$ -value<0.1; using a significance level of 0.05, critical ratios ( $t$ -value) that exceed 1.96 would be called significant. 2. The parameter compared by others is set as 1, therefore, no C.R. It is determined as significant.

### 6.6.2 P-values and critical ratio values of variables

In Table 6.19, the standardised coefficient values of these constructs are used when explaining the relationship between independent and dependant variables. The higher the standardised coefficient value, the greater the effect the independent variables have on dependent variables. The critical ratio (CR) values, which represent the t-value must be higher than 1.96. In this model, all of the variables meet this requirement because they are greater than 1.96. The greatest CR value is for EPE and OC, which is 6.15. The lowest CR is between OC and ITS, which is 4.54. The p-values are all less than 0.001, which shows a strong positive relationship between the constructs. Table 6.20 shows that the five hypotheses were all supported.

**Table 6.20: Overall results of SEM hypotheses testing**

<b>Hypothesis</b>	<b>Hypothesis Statement</b>	<b>Results</b>
H1	Organisational Citizenship Behaviour → Commitment	Supported
H2	Employee Perception of Equity → Commitment	Supported
H3	Organisational Citizenship Behaviour → Intention to Stay	Supported
H4	Employee Perception of Equity → Intention to Stay	Supported
H5	Organisational Commitment → Intention to Stay	Supported

### 6.6.3 The result of the hypotheses testing

Modification of the full model was done and results were generated from it. The rest of the hypotheses are supported by the data as tabulated in Table 6.20. The following are the results of the hypotheses:

**(H1)** There is a significant positive influence of employee OCB on OC in the Zimbabwean SMEs. The results of the path indicate a strong relationship between these two constructs because the p-value is less than 0.001. This is supported by Robbins and Judge (2011:60), they viewed that successful organisations need employees who will do more than their usual job duties, who will provide performance beyond expectations and ultimately leading to greater OC. Such innovative and spontaneous behaviours by employees can greatly contribute to the cooperation and performance of the SMEs (Yoon & Sur 2003; Yildrim *et al.* 2012). Therefore, high OCB is associated with high OC.

**(H2)** There is significant strong positive influence of EPE on OC because the p-value is also less than 0.001. Study research reliably concluded that people care about unbiased treatment and that when individuals perceive that they are treated fairly, they express greater satisfaction with social relationships and consequently greater commitment (Kanopaske & Werner 2002:406; Almar 2005:1; Kinicki & Kreitner 2008:163; Park *et al.* 2010:203; Nicklin *et al.* 2011:128; Robbins & Judge 2011:122). Thus, if employees perceive that they are treated equally, a state of equity is said to exist and this will consequently result in perceptions of greater OC. However, if the employees perceived that there is inequality then the employees experience equity tension. Consequently, while employees see themselves as under rewarded, the resultant strain generates fury rather than being committed to the job (Janssen 2001:1040). Therefore, the greater the EPE the greater the OC in return.

**(H3)** There is significant positive relationship between employees' OCBs and their ITS in Zimbabwe's SME sector. The path and p-value show there is a significant relationship between these two factors. In addition, the p-value is less than 0.001, which shows a strong relationship. Evidence indicates that organisations that have such employees with strong OCB outperform those that do not have such employees (Greenberg 2009:181; Jain & Cooper 2012:155; Jung & Yoon 2012:369). Managers need to reduce absenteeism, turnover and deviant workplace behaviours and instill a strong sense of OCBs. Ultimately, employees will feel wanted and a part of the organisation and will opt for staying in an organisation.

**(H4)** There is a strong positive significant relationship of EPE with employee ITS because the path shows the p-value is less than 0.001. Unfairness results in labour disputes, strikes and high turnover ratio (Cohen-Charash & Spector 2001:278; Colquitt *et al.* 2001:425). It is further argued that perceived inequities at the work place also impacts negatively on job performance (Park *et al.* 2010:204), cooperation with coworkers (Kanopaske & Werner 2002:400) and work

quality (Cardy, Miller & Ellis 2007:148). Research studies have also confirmed that it is more costly for firms to recruit a new worker than to retain an existing one (Almar 2005:2; Balsam & Miharjo 2007:98; Park *et al.* 2010:205).

(H5) There is a strong positive relationship between employees' OC and employees' ITS in Zimbabwean SMEs (p-value is less than 0.001). Research show that low levels of OC may be dysfunctional to both the organisation and the individual, while high levels may have positive effects that leads to higher performance, greater satisfaction and low turnover (Morrow 2011:129; Grawe *et al.* 2012:165). Drawing from the extant literature, it is noted that by and large, dedicated people have faith in and accept organisational goals and values. This means that the individuals will be enthusiastic to continue with their organisations and provide considerable effort towards the achievement of their organisation's goals (Mowday *et al.* 1979:227; Cater & Zabka 2009:711). A study by Curriwan (1991:495) affirms that OC leads to ITS on the job. In summary, the results shows that all the 5 hypotheses are supported in the whole model as hypothesised.

## 6.7 SYNOPSIS

Chapter 6 presented the results of the descriptive data by means of tables and figures. Testing for the measures of accuracy, checking the models fit to the data, CFA, SEM and lastly the discussion of results. The first stage involved subjecting the data to descriptive statistical analysis in order to establish the distribution of the sample data. This was achieved by examining various measures of central tendency that include means, medians and standard deviations. Nevertheless, tables and figures were utilised to summarise the statistics. T-statistics was performed and ANOVA to compare means between different groups. Secondly, CFA was employed to identify the suitability of the model. Overall, the measures were found to be adequately acceptable and, therefore, were reliable and valid. Thirdly, the study proceeded to do SEM. The postulated relationships between OCB, EPE, OC and ITS were significant. In addition to this, the findings from the research model constituting this thesis indicate that the data set fit the conceptualised model adequately. Hypothesis testing was done and all five hypotheses were significant and supported. The following chapter (Chapter 7) will provide the implications of the research findings, recommendations and overall conclusion of the study.

## **CHAPTER 7**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **7.1 INTRODUCTION**

The previous chapter presented the results of the empirical study using descriptive and multivariate statistics. The results of both CFA and SEM were significant and the proposed hypotheses were supported. This chapter presents an evaluation of the research objectives and the hypotheses of the study. The contribution of the study, recommendations, implications for further study and limitations of the study are also provided. This chapter finally concludes with a synopsis.

As discussed in Chapter 1, the problem statement of the study was presented in order to highlight the rationale of the study. The primary objective of the study was to investigate the influence of organisational citizenship behaviour, perceptions of equity and organisational commitment on employee intentions to stay in the Zimbabwe's SME sector. The next section revisits the theoretical and empirical objectives as well as the hypotheses in order to establish if they were all realised. The theoretical objectives will be evaluated first, followed by an evaluation of empirical objectives, thereafter the section will provide an evaluation of hypotheses as stated in Chapter 1.

##### **7.1.1 Evaluating the theoretical objectives**

The theoretical objectives were realised through the review of relevant literature. The following are the theoretical objectives that were formulated as indicated in Chapter 1 (Section 1.5).

- To conduct literature review related to SMEs in Zimbabwe
- To conduct literature review on organisational citizenship behaviour
- To conduct literature review on employee perception of equity
- To conduct literature review on employee organisational commitment
- To conduct literature review on employee intention to stay.

**Theoretical objective 1** was realised in Chapter 2, sections ranging from 2.1 to 2.10 of this study. The main aspects that were discussed in this section include the definitions of SMEs,

their characteristics, and their role in the Zimbabwean and global economy. The key role played by SMEs in social and economic development of developing and developed countries and their contribution to employment creation, GDP, innovation, and export revenue generation is elucidated.

**Theoretical objective 2** was addressed in Chapter 3, Sections 3.4 to 3.7, which discussed the organisational citizenship behaviour construct. The definition, dimensions and the theoretical review was discussed and analysed. Perceived organisational support (POS) is considered as a strong antecedent of OCB (Rioux & Penner 2001:1307) although Moorman (1991:845) believes that POS is a mediating variable. Other antecedents of OCB include trust, leadership style, job satisfaction, culture and level of economic development. In addition researchers have also explored personality, attitudes, moods and task characteristics and demographic variables as antecedents of OCB (Nadiri & Tanova 2010: 33; Ng & Feldman 2011:528). Several theories borrowed from other social disciplines such as psychology, sociology and economics have been used in organisational behaviour research. Among these theories one of the most widely used theories in OCB is the SET. Various other theories have been developed from this theory such as the relational exchange theory, affect theory, power-dependence theory, relational cohesion theory and Leader Member Exchange (LMX) theory. In this thesis, SET provides the theoretical ground for LMX theory that is chosen and used because of their strengths and relevance to the current study. Much of the attention on the theoretical grounding is given to SET because of its applicability to the current study.

A literature review of employee perception of equity that was discussed in Chapter 3, Section 3.1 to Section 3.3 assisted in achieving **theoretical objective 3**. First the definition of equity was provided. In this study, employee perception of equity is defined as the employee's perceived fairness of job outcomes given his or her job input in an organisation. Accordingly, employees' perceptions of equity are premised on their expectations that the proportion between efforts spent and rewards received at work should be unbiased. As a phenomenon, employees always anticipate fair treatments at the workplace and respond in a certain way if they perceive unfairness. Perceived unfairness results in labour disputes, strikes and high turnover ratio (Cohen-Charash & Spector 2001:278; Colquitt, Conlon, Wesson, Porter & Ng 2001:425). Kanopaske and Werner (2002:406) identified three types of equity, namely external, internal and employee equity. Theories that are related to employee perception of

equity are the equity and justice judgement theories. It is important to note that the JJT was developed from equity theory and both these theories are crucial to the current study.

**Theoretical objective 4** was achieved with a literature review on employee organisational commitment. This review was discussed in Chapter 4, Section 4.2 to 4.5. This study defined organisational commitment as an employee's strong beliefs in the organisation's goals and values, a willingness to work on behalf of the organisation and a desire to maintain membership in the organisation (Porter, Steers, Mowday & Boulian 1974:604). This sense of commitment among employees could be used not only to preserve the longevity of their businesses, but also to create a positive working environment for employees (Yamaguchi 2013:58). Nonetheless, scholars have discovered three components involved in organisational commitment, namely affective or emotional commitment, continuance or calculative or instrumental commitment and normative or moral commitment (Meyer & Allen 1997:13; Jones & McIntosh 2010:292; Morrow, MaCelroy & Scheibe 2012:101). Social Identity Theory (SIT) was used in this study to explain organisational commitment. This is because social identification leads to loyalty, belongingness, support for the organisation and ultimately the intention to stay.

**Theoretical objective 5** was addressed in Chapter 4, Sections 4.6 to 4.8, which dwell much on the employee intention to stay construct. Drawing from the extant literature, the current study defines employee intention to stay as the employee's willingness to remain in an organisation. It shows the employee's level of commitment to an organisation and the willingness to remain employed within the same organisation (Egan, Yang & Barlett 2004:90; Mustapha, Ahmad, Uli & Idris 2010:61; Ucho, Mkavga & Onyishi 2012:378). What drives SME employee's intentions to stay at their workplace? This study conducts a systematic review of current state of research into the intention of SME employees' to stay. Separate factors or antecedents exist that contribute to employees' decision to stay on the job. These factors include individual factors, organisational factors, job related factors, psychological factors, environmental factors and commitment. There are many theories related to employee intention to stay. This study only focused on two theories, which are crucial to the study under consideration. The two theories are the BRT and TPB. These two theories concluded that employees stay with the employer after careful thinking, justifying and defending their actions. This will promote and protect their self-worth.

## **7.2 EVALUATING EMPIRICAL OBJECTIVES**

As indicated in Section 5.2 of this study, the following empirical objectives were formulated:

Empirical objectives are based on the relationships between research variables that this study seeks to measure. In this study, five empirical objectives are posited:

- To investigate the influence of OCB on OC in Zimbabwe's SME sector
- To investigate the influence of POE on OC in Zimbabwe's SME sector
- To investigate the influence of OCB on ITS in Zimbabwe's SME sector
- To investigate the influence of POE on ITS in Zimbabwe's SME sector
- To investigate the influence of OC on ITS in Zimbabwe's SME sector
- To establish whether there are any group differences with regard to SME employees perceptions on OCB, EPE, OC and ITS according to age, gender and industry type.

In order to achieve **empirical objective 1, 2, 3, 4 and 5 structural equation modeling** was conducted to establish the relationships between OCB, EPE, OC and ITS. The results are demonstrated in Chapter 6 by means of data tabulation and interpretation. The results showed that there is a significant positive relationship between the five hypotheses.

In order to achieve **empirical objective 6**, t-statistics was performed on age, gender and industry type while ANOVA was performed on age category, monthly salary, work experience and academic qualifications to establish whether there are any group differences with regard to SME employees perceptions of OCB, EPE, OC and ITS. The results are shown clearly in Chapter 6, Section 6.3 and 6.4.

## **7.3 EVALUATING THE HYPOTHESES**

Based on the conceptualised model, the following hypotheses are formulated:

H<sub>1</sub>: Organisational citizenship behaviours have a strong positive effect on their organisational commitment in Zimbabwe's SME sector.

H<sub>2</sub>: Employees perceptions of equity have a strong positive effect on their organisational commitment in Zimbabwe's SME sector.

- H<sub>3</sub>: Organisational citizenship behaviours have a significant positive effect on their intention to stay in Zimbabwe's SME sector.
- H<sub>4</sub>: Employees' perceptions of equity have a significant positive effect on their intention to stay in Zimbabwe's SME sector.
- H<sub>5</sub>: Employees' organisational commitment has a significant positive effect on their intention to stay in Zimbabwe's SME sector.

Hypotheses one to five were tested using SEM. The outcomes of the tests are depicted in Table 7.1.

**Table 7.1: Hypotheses testing and outcomes**

Hypothesis	Decision
H1: Employees perceptions of equity have a significant positive effect on their organisational commitment in Zimbabwe's SME sector.	Hypothesis accepted
H2: Employees perceptions of equity have a significant positive effect on their organisational commitment in Zimbabwe's SME sector.	Hypothesis accepted
H3: Organisational citizenship behaviours have a significant positive effect on their intention to stay in Zimbabwe's SME sector.	Hypothesis accepted
H4: Employees perceptions of equity have a significant positive effect on their intention to stay in Zimbabwe's SME sector.	Hypothesis accepted
H5: Employees organisational commitment has a significant positive effect on their intention to stay in Zimbabwe's SME sector.	Hypothesis accepted

The results in Table 7.1 show that there a positive association between all the variables.

## 7.4 CONTRIBUTIONS OF THE STUDY

The current research has academic and practical implications. The consequences on the academic front are that first, a contribution is made to the existing literature on SMEs in Zimbabwe, particularly in the context of developing countries that was noted to be scant. Secondly, a pioneering attempt was made to apply the JJT, ET, LMET, SET, SIT, BRT and theory of planned behaviour in order to explain the interrelationships of the constructs, in which employee intention to stay was the ultimate construct. A cross examination of the extant theory

indicates that these theories have been mostly applied in the large sized firms and to the best knowledge of the researcher, has not been applied in the current research context. The findings of this thesis, therefore, fill in the void that exists in academic literature.

While research constructs such as OCB, EPE, OC and ITS have been substantially researched on in different disciplines such as entrepreneurship and human resources management, research on EPE and OCB on OC and ITS has remained scant in developing countries. This study is one of the few endeavours to investigate the influence of these four aforementioned constructs on employee intention to stay. To the extent that this thesis has contributed new literature and empirical findings of these four constructs in the SMEs context, it is likely to be a useful source of reference material for future academic research.

An attempt has been made in this thesis to develop a conceptual research model depicting three antecedents of employees' intention to stay. Such a model is robust and is likely to be useful for further empirical tests in different research environments by other researchers. Moreover, this robust research model makes an immense contribution in terms of new insights into the existing body of academic literature on human resources management in the SME sector.

This study makes one of the rare attempts to focus research attention on the neglected research environment of the developing world of Sub-Saharan Africa. To the best knowledge of the researcher, little attention on the current research matter has been paid to this region of the world and Zimbabwe in particular. It will be naive and not judicious to assume *a-priori* that findings from elsewhere worldwide on the current research matter, particularly the developed world of Europe and USA can apply the same to Sub-Saharan Africa. Therefore, this thesis serves to confirm or disconfirm findings from other parts, that is, by comparing with what this study has empirically found in Zimbabwe.

This study also contributes on the practitioner's front. In particular, managerial implications for managers in the SMEs can be drawn. The results of this study are likely to benefit managers in the SME sector, SME employee's representatives or trade unions and the government of Zimbabwe at large.

## **7.5 RECOMMENDATIONS**

Given the important contribution that SMEs make to the GDP, reduction of poverty and employment generation, it is vital that these enterprises are provided with some recommendations to assist them improve their way of doing business.

### **7.5.1 Recommendations based on hypothesis one**

**H<sub>1</sub>:** There is a significant positive direct influence of employee OCB on OC in the Zimbabwean SMEs. On top of this, managers should forget about good working relationships and commitment of employees to job when they treat them badly. The climate at the work place should be conducive for employees to display OCBs and high quality LMX for the betterment of the organisation. Research on servant leadership has made major contributions to understanding leadership effectiveness (Robbins & Judge 2011:439; Schermerhorn 2013:355). SMEs function better when the idea, the dream, is to the fore and the person, the leader, is seen as servant to the dream. The real leader is a servant of the followers and a great leader is not afraid to hire smart people. Great leaders want people who are smart about things they themselves are not smart about (Schermerhorn 2013:355). Organisations should therefore try to look for leaders with a vision and charisma to carry out their vision and the leaders should exhibit transformational leadership qualities. For employees to display OCB qualities leaders must be authentic and develop trusting relationships with the subordinates. Managers who are not trusted are doomed to fail because employees can only display deviant behaviours in such situations, which will be detrimental to the survival of the organisation (Yen & Teng 2012:6). Managers should also consider investing in leadership training such as formal courses, workshops, rotating job responsibilities, coaching and mentoring. This will help subordinates perform beyond expectation leading to high LMX.

### **7.5.2 Recommendations based on hypothesis two**

**H<sub>2</sub>:** There is significant strong direct positive influence of EPE on OC. Individuals care about fair treatment and when people perceive that they are treated fairly, they express greater satisfaction and consequently greater commitment. Owners/managers of SMEs seeking to improve their performance, therefore, need to constantly monitor and evaluate the progress in goal achievement. This will help them to address problems in strategy implementation and to raise employee morale because employees achieve gratification if the set goals are achieved.

Practical recommendations are made to the managers in the SME sector to adopt professional codes of conduct at their workplace.

### **7.5.3 Recommendations based on hypothesis three**

**H<sub>3</sub>:** There is significant direct positive relationship between employees' OCBs and their ITS in Zimbabwe SME sector. The implications on the practical side are that first and foremost managers can attempt to increase OCB in SMEs since it has a significant impact on ITS. By setting clear rules that are enforceable to ensure appropriate behaviours at the workplace it leaves little room for turnover intention among employees (Mustapha *et al.* 2010:61). Managers need to consistently reward desired behaviours and ignore or punish bad behaviour (Chipika & Wilson 2006:969). If positive behaviour is rewarded, employees will quickly learn and enact behaviours that will reap rewards, and in this process, decrease negative behaviours. Making sure that the rules and procedures are in place, understood and enforced, will minimise the intentions to leave the organisation and foster the intentions to stay on the job (Ucho *et al.* 2012:378). Another way for SME managers to motivate the employees to remain on their jobs is for them to encourage increased cooperation amongst SMEs employees.

### **7.5.4 Recommendations based on hypothesis four**

**H<sub>4</sub>:** There is a strong direct positive significant relationship of EPE with ITS. Given the important contribution that SMEs make to a nation's economic growth, and the role that they play in the reduction of poverty, it is important that these enterprises are provided with some recommendations to assist in improving their EPE, OCB, OC and ultimately their ITS on the job. It is also recommended that policy makers and academics assist SME owners/managers through education programmes that will equip them to draft good plans and strategic policies to have a competitive advantage over the global world. This will improve their images globally and lead to ITS.

### **7.5.5 Recommendations based on hypothesis five**

**H<sub>5</sub>:** There is a strong positive indirect relationship between employees' OC and ITS in Zimbabwean SMEs. The reward system, mainly in the form of profit shares and non-monetary rewards, was used commonly to motivate employees to be committed to the organisation. To secure increased employees' motivation levels, persons in charge of SMEs need to make use of more diversified incentives that could include salary raises, promotions, titles, trophies,

holiday assistance, and house and car purchase assistance. The owners/managers also need to inform and involve many employees in the decision making process as their participation leads to motivation, and hence commitment to goal achievement. A more participative process will ensure cooperation, positive relationships among employees and possibly lead to increased ITS (Speculand 2009:169).

#### **7.5.6 Other recommendations to managers in general**

Managers should also try to protect their businesses against the high socio-economic instability in Zimbabwe (Gono 2009:15). Government policies right now do not encourage investors to invest in Zimbabwe and those in SMEs should try to maintain sound relationships with the government in order to obtain financial support. In this regard, managers in the SMEs are encouraged to communicate their skills, experience and other capabilities they acquire. Managers are desired also by the SMEs to operate effectively and efficiently in order to optimise the efficacy of their bases of knowledge. This can be achieved by for example, supervisors in the SMEs organising and piloting joint workshops where information and knowledge are imparted or shared with the SMEs managers and employees and where people can get assistance wherever possible.

#### **7.5.7 Recommendations for the government**

The government of Zimbabwe is also encouraged to help SMEs, which are in financial difficulties as their survival contributes to employment and increasing the GDP. Based on the current study findings, trade unions in the SME sector are also encouraged to represent their members' grievances with their employers. Finally, the government of Zimbabwe is also encouraged to adopt policies that are likely to provide socio-economic stability in the country such that the SMEs might improve their performance and potentially increase the rewards offered to their employees.

### **7.6 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH**

While this study makes important contributions to both academia and practice and even though due care was taken to achieve rigour, there are some limitations, which open up avenues for further research. First, the data was gathered from SME employees and not from SME managers. The results would be more informative if data from both sides of the channel dyad were compared. Future studies may be conducted by using paired data from both workers at

the operational floor and from management's perspective. Second, the current study was limited to a sample of SMEs in Harare, Chitungwiza, Bulawayo, Chinhoyi, Mutare and Bindura, which are the five largest cities in Zimbabwe. Subsequent research could replicate this study in broader sampling contexts that includes all the SMEs in Zimbabwean cities or a comparative analysis between Zimbabwe and another country such as South Africa. Due to the large number of enterprises in Zimbabwe, the size of the sample that was used in this study may also be a shortcoming. However, every attempt was made to reach as many of the respondents as possible.

Thirdly, due to the limited time and resources the study was conducted in a very short period of time from end March to end June and those who took part in completing the questionnaires were not rewarded. Future research should try to have enough resources to pay the research assistants and the respondents. This will result in respondents paying more attention to the questionnaires. The time period should also be increased to allow a high response rate.

The other limitation is that the data were cross-sectional. Longitudinal data would likely enable a more accurate assessment of the interactive effects of OCB, EPE, OC and ITS. Future research efforts should investigate outcomes of OCB and EPE such as job satisfaction, workplace spirituality and organisational support. There is no best theory applicable to this study. Future research should try to include other theories for this same model such as the Dependency theory and the Game theory in order to compare the outcomes.

Another limitation concerns the use of a single method of data collection. All variables in the study were assessed via a structured questionnaire. This poses the question of common method bias. Moreover psychological constructs such as OCB, OC, EPE and ITS can hardly be assessed by a second party such as a supervisor (Neininger, Willenbrock, Kauffeld & Henschel 2010:577). This leads to common method bias. While this limitation is inherent to survey research, surveys allow researchers to gain input from a large number of respondents across many organisations. Future studies can attempt to utilise triangulation to avoid common method bias. This means surveys could be used together with experimental and other interview methods.

The participants in the present study was persons from different organisations. It would possibly be better to study workers who belong to the same organisation to explore the causal relationships because the degree of commitment should not be indifferent in different

organisations. Another implication of the model is that future work should further consider the role of time. Indeed OCBs, EPE, OC and ITS change over time and is more complete for understanding these behaviours. Extending this type of research, longitudinal studies that capture patterns or changes in OCBs over days, weeks, months or years would provide insight into the emergence and variation of OCB in the presence of different interpersonal and contextual factors.

## **7.7 CONCLUDING REMARKS**

This chapter provided four concluding sections of this thesis. First, it presented an introduction to the chapter. Then it stated implications for academic and management practice, followed by limitations and suggestions for future research. The contribution to the field of study is outlined and recommendations to be followed by managers to improve the day-to-day management of the SMEs in Zimbabwe are made. Finally, an overall conclusion and synopsis of this chapter is given.

The results of this study show that there is a strong positive relationship between organisational citizenship behaviour, employee perception of equity, organisational commitment and ultimately employee intention to stay. It means that the more SMEs improve their perceptions of equity, citizenship behaviours and organisational commitment, the more likely that the employee will be satisfied and opt to stay on the job.

Therefore, SMEs operating in the Zimbabwean economy need to practice good human resource management behaviours to avoid turnover intentions. The practice of good human resource management practices may help them improve their business management effectiveness and consequently, enhance their competitiveness, sustainability and success. Employees will thus not think of looking for employment elsewhere.

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## **APPENDIX A: COVER LETTER**



**Vaal University of Technology  
Private Bag X021  
Vanderbijlpark  
1900  
South Africa**

### **Dear Respondents**

I am a Doctoral Degree student in the Human Resources Department at Vaal University of Technology. In fulfilment of the requirements for the degree, I am conducting a study of **Effects of organisational citizenship behaviour, employee perceptions of equity and organisational commitment on intentions to stay in Zimbabwean SMEs**. The objective of this thesis is to obtain a better understanding of the effect of organisational citizenship behaviour, employee perceptions of equity on organisational commitment and intentions to stay in Zimbabwean SMEs. The results of this study will provide recommendations that may assist in improving the effectiveness of SMEs.

Enclosed with this letter is a questionnaire that requires you to respond to a series of statements. The items in the questionnaire focus on your profile data, organisational citizenship behaviour, employee perception of equity, organisational commitment and employee intention to stay. In case you need to know the results of the study please feel free to contact me so that I can avail them to you.

May I stress that your participation is voluntary and confidential.

After completing the questionnaire may you please send it back to me. If you have any problems or concerns about completing the questionnaire, please contact me on contacts indicated below.

Thank you in advance for your valuable time and effort taken in completing this questionnaire.

**Yours sincerely**

**Elizabeth Chinomona**

**0027 780 564 852**

**chakubvae@hotmail.com**

## APPENDIX B: QUESTIONNAIRE

### **Effects of organisational citizenship behaviour, employee perception of equity and organisational commitment on intentions to stay in Zimbabwean SMEs**

We would like to find out a little more about the effects of organisational citizenship behaviour, equity and commitment on intentions to stay in Zimbabwean SMEs. Furthermore we would like to find out your opinion on what is really happening in the SMEs in Zimbabwe.

#### **SECTION A- Demographic profile**

In this section we would like to find out a little more about the characteristics of the respondents. Please place a cross (x) in the appropriate block.

A1	Your gender	Male		Female		
A2	Marital status	Married		Single		
A3	Age category	18-25 years	26-33 years	34-41 years	42-49 years	50 years and over
A4	Employees in the Company	10 years or less	11-20	21-30	31-40	41 and above
A5	Monthly salary in US dollars	Less than 100	101-150	151-200	201-250	251 and above
A6	Working experience	2 years or less	3-5 years	6-10 years	11-20 years	21 years and above
A7	Type of Industry of your company	Manufacturing		Services		
A8	Type products of produced	Machinery	Food	Textiles	Furniture	Others
A9	Academic qualification	Primary education	Secondary education	Diploma/Degree	Post Graduate	Other (Specify)

**CIRCLE ONLY ONE NUMBER FOR EACH STATEMENT**

Please indicate the extent to which you agree or disagree with the statements by encircling the corresponding number between 1 (Strongly disagree) and 7 (Strongly agree).

### **SECTION B – Organisational citizenship behaviour**

OCB1	I try to implement solutions to pressing organisational problems	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OCB2	I conscientiously follow company rules and procedures.	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OCB3	I never neglect to follow bosses instructions	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OCB4	I do my work even after business hours to achieve company goals	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OCB5	I am always ready to help those around me	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

### **SECTION C – Employee perception of equity**

We would like to find out a little more about effects of employee perception of equity on intentions to stay in Zimbabwean SMEs. Please indicate the extent to which you agree or disagree with the statements by encircling the corresponding number between 1 (Strongly disagree) and 7 (Strongly agree).

EPE1	The effort I put in my work is equal to the outcomes I get in return	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
EPE2	I feel appreciated because I give a great deal of time and attention to the organisation	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
EPE3	The rewards I receive are proportional to my investments	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
EPE4	I cannot remember when a person received a pay increase or promotion that was inconsistent with the published policies	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
EPE5	The rules and policies concerning promotion and pay are fair in this organisation	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
EPE6	I feel fairly treated in my job	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

### **SECTION D– Organisational commitment**

We would like to find out a little more about identifying the effects of organisational commitment on intentions to stay in Zimbabwean SMEs. Please indicate by encircling the corresponding number between 1 (strongly disagree) and 7 (strongly agree).

OC1	I feel I have too few options to consider leaving this organisation	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC2	One of few negative consequences of leaving this organisation would be scarcity of available alternatives	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC3	What keeps me working at this company is the lack of opportunities elsewhere	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC4	I have invested too much time in this organisation to consider working elsewhere	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC5	Leaving this organisation now would require considerable personal sacrifice	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC6	For me personally, the costs of leaving this organisation would be far greater than the benefits	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC7	I would not leave this organisation because of what I would stand to lose	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC8	If I decided to leave this organisation, too much of my life would be disrupted	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
OC9	I continue to work for this organisation because I don't believe another organisation could offer the benefits I have here	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

## **SECTION E –Employee intention to stay**

We would like to find out a little more about employee intentions to stay in Zimbabwean SMEs. Please indicate the extent to which you agree or disagree with the statements by encircling the corresponding number between 1 (Strongly disagree) and 7 (Strongly agree).

ITS1	I will most probably stay in this company in the foreseeable future	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
ITS2	I will definitely intend to maintain my current relationship with this company	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
ITS3	I have no intention of leaving this company	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
ITS4	I want to continue working 5 years from now in my current job	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
ITS5	I am not even planning of looking for a new job	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

**Thank you for time and your cooperation. Your views are much appreciated.**

## APPENDIX C: EFA RESULTS

<b>Construct/Variable Items</b>	<b>Factor Loading</b>
<b>Organisational Citizenship Behaviour (OCB)</b>	
OCB 1. I try to implement solutions to pressing organisational problems	0.962
OCB 2. I conscientiously follow company rules and procedures.	0.976
OCB 3. I never neglect to follow bosses instructions	0.969
OCB 4. I do my work even after business hours to achieve company goals	0.970
OCB 5. I am always ready to help those around me	0.965
<b>Employee Perception of Equity (EPE)</b>	
EPE 1. The effort I put in my work is equal to the outcomes I get in return	0.966
EPE 2. I feel appreciated because I give a great deal of time and attention to the organisation	0.963
EPE 3. The rewards I receive are proportional to my investments	0.965
EPE 4. I cannot remember when a person received a pay increase or promotion that was inconsistent with the published policies	0.967
EPE 5. The rules and policies concerning promotion and pay are fair in this organisation	0.971
EPE 6. I feel fairly treated in my job	0.970
<b>Organisational Commitment (OC)</b>	
OC 1. I feel I have too few options to consider leaving this organisation	0.968
OC 2. One of few negative consequences of leaving this organisation would be scarcity of available alternatives	0.970
OC 3. What keeps me working at this company is the lack of opportunities elsewhere	0.971
OC 4. I have invested too much time in this organisation to consider working elsewhere	0.974
OC 5. Leaving this organisation now would require considerable personal sacrifice	0.972

OC 6. For me personally, the costs of leaving this organisation would be far greater than the benefits	0.973
OC 7. I would not leave this organisation because of what I would stand to lose	0.975
OC 8. If I decided to leave this organisation, too much of my life would be disrupted	0.976
OC 9. I continue to work for this organisation because I don't believe another organisation could offer the benefits I have here	0.979
<b>Employee Intention to Stay (ITS)</b>	
ITS 1. I will most probably stay in this company in the foreseeable future	0.984
ITS 2. I will definitely intend to maintain my current relationship with this company	0.982
ITS 3. I have no intention of leaving this company	0.977
ITS 4. I want to continue working 5 years from now in my current job	0.983
ITS 5. I am not even planning of looking for a new job	0.987

## **APPENDIX D: LANGUAGE EDITING**

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English language editing

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**25 March 2015**

To whom it may concern

This is to confirm that I, the undersigned, have language edited the **thesis** of

**E. Chinomona**

for the degree

**Doctor Technologiae: Business**

entitled:

**Effects of organisational citizenship behaviour, employee perceptions of equity and organisational commitment on intentions to stay in Zimbabwean SMEs**

The responsibility of implementing the recommended language changes rests with the author of the thesis.

Yours truly,

