

THE ROLE OF FORMAL AND INFORMAL COMMUNICATION IN DETERMINING EMPLOYEE AFFECTIVE AND CONTINUANCE COMMITMENT IN OIL AND GAS COMPANIES

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Abstract

This study examined the extent to which formal and informal communication relates with affective and continuance commitment in Shell Petroleum Development Company (SPDC), Nigerian Agip Oil Company (NAOC) and Nigeria Liquefied Natural Gas (NLNG). Taro Yamane formula was used to determine the sample size of 400 of which 323 copies of questionnaire were retrieved and 271 copies were useful for analyses. The study found significant relationship existing between formal communication, affective commitment and continuance commitment. There was a significant relationship existing between informal communication, affective commitment and continuance commitment.

Keywords: *SPDC, NAOC, NLNG, formal communication, informal communication, affective commitment, continuance commitment.*

Introduction:

Part of the goal of every organization is to have in its service, employees who are highly committed to the organization's goals and objectives. Allen and Meyer (1990) proposed that committed employees in the organization work harder in their respective jobs than those with weaker level of commitment. This also implies that committed employees are more valuable in their organizations than those who are not. The need for committed workforce in the oil and gas industry can never be over-emphasized as their actions have a direct effect on the citizens who live within their area of operation. There is a need for oil and gas employees to work very diligently to ensure safe habitation for both humans and other animals. It has been estimated that the volume of over 1.5 million tons of oil has been wasted through oil spillage in the Niger Delta region of Nigeria as well as its eco system since the past fifty years (ccrjustice.org, 2015). There are also cases all over the world where some form of fundamental error have led to oil spillage like the Torrey Canyon oil spill which occurred March 18, 1967 in Scilly Isles, UK, the sea star oil spill which occurred December 19, 1972 at the Gulf of Oman, Gulf of Mexico oil spill in April 22, 2010, etc (Moss, 2010).

The Torrey Canyon oil spill recorded a loss of over 36 million gallons of crude oil, the oil spill in Gulf of Oman recorded a loss of over 35.3 million gallons of crude oil, and the Gulf of Mexico recorded a loss of over 206 million gallons of crude oil. It is estimated that over 2 billion gallons of crude oil have been lost through oil spillage globally and this quantity of crude could have helped nations meet the challenges of time through the revenue it would help generate. With highly committed employees, some of these spills may have been avoided and averted.

Effective communication on the other hand is a determinant of commitment in the oil and gas industry. Communication can be defined as the exchange of ideas, emotions and opinion through words, letters or symbols between two or more people (Ince and Gul, 2001). This implies that before there is a successful headway in any organization, there must be an effective communication system put in place. This communication could be between colleagues, subordinate-superior or superior-subordinate, the most important aspect is that those who communicate exchange ideas, feelings and constructive suggestions which could help the organization achieve its goal. Those working shift in these oil and gas companies must see the need to communicate situation report to those who would take over from them so as to help build defence against any existing challenge. If they are not properly communicated, they may not be able to spot where there is a problem easily till great damage has been caused.

Statement of problem:

The oil and gas companies today need a proper understanding among themselves in order to reflect their corporate responsibility to the society. Employees today are getting weaker in their ability to communicate among themselves with regards to work situation. This study is specifically aimed at oil and gas companies because it is believed that the result of negligence arising from any employee would cause a great harm to the organization, the community, the state as well as the entire nation. This study has reviewed the various oil spills and the losses that have automatically followed as we have mentioned earlier and we are looking at these spills from the stand point of effective communication and employee commitment. Indeed, where employees are not committed to their work, they would find it very difficult in troubleshooting grey areas at work. Most times, the prominent communication in the oil and

gas industry is the communication from supervisors and superiors to their subordinates and we seldom see effective communication moving upwards from subordinates to superior levels and this has created a huge communication gap in the work place which has also affected commitment.

Effective communication is a key element in every organization of humans all over the world and it is relied upon in ensuring that predetermined outcomes are achieved. Any organization that does not communicate effectively with its employees or where employees do not communicate effectively among themselves, there would be a high probability of low commitment. It is very common these days to see situations where there are failures to meet set targets at different levels of human relation which has also presented itself in an ugly situation where problems which should not escalate become head line news.

It is from this foundation that this study is aimed at empirically examining how effective formal and informal communication would help in increasing the commitment level of employees in oil and gas companies in Rivers state.

Aim and objectives

This study would be aimed at examining the relationship existing between effective communication and employee commitment. The objectives would be directed in this manner:

1. To examine the extent to which formal communication is related to affective commitment.
2. To examine the extent to which formal communication is related to continuance commitment.
3. To examine the extent to which informal communication is related to affective commitment.
4. To examine the extent to which informal communication is related to continuance commitment.

Research questions:

From the above purpose of the study, we shall develop the research questions as follows:

1. To what extent does formal communication relate with affective commitment?
2. To what extent does formal communication relate with continuance commitment?
3. To what extent does informal communication relate with affective commitment?
4. To what extent does informal communication relate with continuance commitment?

Research hypotheses

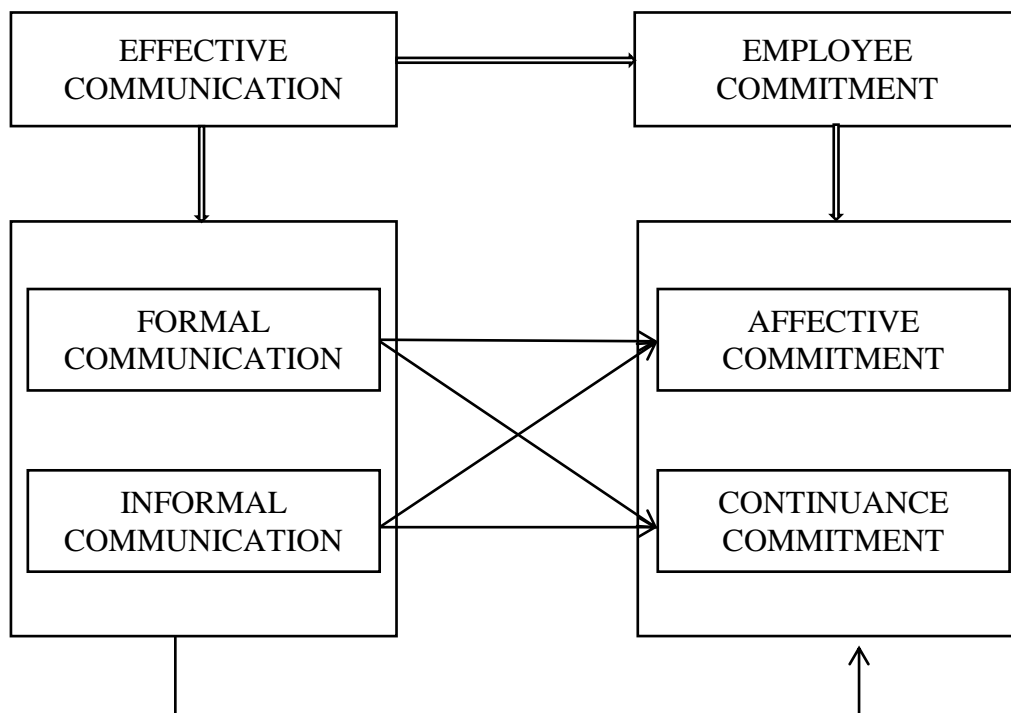
HO₁ There is no significant relationship existing between formal communication and affective commitment.

HO₂ There is no significant relationship existing between formal communication and continuance commitment.

HO₃ There is no significant relationship existing between informal communication and affective commitment.

HO₄ There is no significant relationship existing between informal communication and continuance commitment.

OPERATIONAL FRAMEWORK



Drawn from Zeljko and Fosic (2013), Meyer and Allen (1991)

Significance of the study:

In today's competitive world, there is a high need for employees to remain committed to organizational goals if the organization would ever attain its specified goals and objectives. The factors which attract such commitment are innumerable but this study has identified and operationalized communication as a variable that determines employee effectiveness especially within the oil and gas industry.

This study would expose the oil and gas industry to the high impact of communication towards the commitment of their employees. Because the lack of such commitment could be detrimental to the organization as well as to the entirety of the populace within their operational terrain, this study becomes very useful and significant.

To those in the research field as well as those who have developed the interest in understanding the need for communication as a requirement for effective work commitment, this work would also add to their knowledge as well as aid their research. This work would also help in the establishment of theories relating to effective communication as well as employee commitment.

Scope of study

The geographical scope for this study covers selected oil and gas firms located in Rivers state, Nigeria.

The content scope covers literatures on effective communication as well as employee commitment.

The unit of analyses for this study is the micro level of analysis.

Review of Related Literature

The concept of Communication:

Weick and Browing (1986) defined communication as the process of conveying information from one person known as the sender to another person(s) known as the receiver(s). It is a tool which facilitates transaction in every organization just as it is the tool used in unifying the work force.

Effective communication helps in dispute settlement at every level of the organization. In other words, where interpersonal skill is not activated within the members of an organization, there would be a very low level of commitment among its employees. But where there is a mutual understanding, there is first, that affective commitment which then transcends to higher levels of commitment. Effective communication can be formal or informal.

Formal communication:

Since communication is a tool which creates organizational bond, its dimensions have unique identities. Formal communication is a type of communication that is pre-planned. In other words, the information transmitted or written are prepared in advance (Fox, 2001). It often manifest itself in form of posting and scheme of work, communication of project plan, etc. according to Turkalj and Fosic, (2013), the most predominant problem which often appear within most organization is the problem of information overload and this can become a burden to employees. The oil and gas sector requires effective employee assimilation of information being received in order to protect the health, safety and environment of work.

Informal communication:

Informal communication is a form of communication which is the opposite of formal communication. It takes into account, the socio-characteristics of the individual worker in the organization. This form of communication reflects the employees' perception of the organization and it is always useful in obtaining information towards the success of every organization (Fox, 2001). Some characteristics of informal communication include;

1. It is not within the control of organizations' management.
2. It is being considered more flexible and reliable than the conventional official communication coming from top management.

3. Those who use it usually utilize it for their self-interest (Robbins, 2003).

Concept of commitment:

Organizational commitment is the process by which employees identify and get involved with their respective organizations, believing in the values and goals of the organization and putting up efforts on behalf of the organization, as well as the desire to remain in the organization (Meyer and Allen, 1991).

Every organization needs employees who have passion for its mission and objectives, which even in the absence of their supervisors would represent their organization in a manner that would create good image for the organization. Organizations also need such employees who are willing to remain in the organization because this also goes a long way in determining the continuity of such organization. Employees are the life-blood of every organization and their attitude towards the organization is a requirement of its profitability and sustainability. Meyer and Allen further modelled commitment into three components namely; Affective commitment, Continuance commitment and Normative commitment.

Affective commitment:

This component of commitment has to do with the emotional attachment an employee has towards his/her job. People remain in their respective jobs because they have that love for the job which makes them not want to leave. They really do not look at the amount of money being received for the job, but the passion they have towards the job.

An employee who is highly committed to the organization would strongly identify himself with the organizational goals and objectives and would always work hard to remain a part of the organization (Saxena and Saxena, 2015).

Various authors like Dunham, Grube and Castaneda (1994) have found that affective commitment predicts various outcomes which include; intention to quit, employee perception of task characteristics as well as career satisfaction by over 72%. Cohen and Kirchmeyer (1995) further revealed that affective commitment account for a high level of employee involvement and enjoyment of work activity. One unique characteristic of affective commitment is that the employees remain in the organization because they 'want to'. They have made the organization revolve around their lives as part of their everyday living and this has created a bond between them and the organization.

Continuance commitment:

Continuance commitment refers to the attachment employees have towards their organization because there is a perceived belief that there is a high cost associated with losing their membership with the organization. It also considers the nature of the economy as well as the social cost of living.

Employees in the oil and gas sector seem to have continuance commitment because they are being paid more than most of their counterparts in other sectors of the economy and this automatically puts them above their peers. Therefore, leaving such level of wages and benefit may not be justified economically for any reason.

Employees who have high degree of continuance commitment remain in the organization because of the fact that they 'need to' do so. Continuance commitment deals with actions which lead employees to taking certain actions such as remaining in the organization because they believe that something would be forfeited if the activity is discontinued (Becker, 1960; Wiswell et al, 2001).

Communication and Commitment

The extent to which communication can influence employees' affective and continuance commitment can never be over-emphasized as no employee would want to work in isolation. Every employee wants to be duly communicated in order to be focused on his job as well as remain fully committed. Most times, employees get more information from informal sources such as co-workers and they do not think that such information needs to be confirmed before they believe it. It is most times believed that any information heard is true and it really doesn't matter where it is coming from.

Communication also enables an employee know the result that his effort has yielded and this makes him know where to add more effort and where to give less effort. Communication can come in form of feedback from customers or suppliers or from various stakeholders of the organization. It can also come from superiors and subordinates as well as between colleagues and this improves the commitment of the employee. Employees are often committed where they are satisfied and communication can be one of those factors which can provide that sense of satisfaction because it also helps to introduce transparency in the organization.

METHODOLOGY

Research Design

Research design is basically of two types; the experimental and quasi-experimental design. In experimental design all the elements can be manipulated by the researcher while Quasi – experimental designs sometimes referred to as survey is widely used in administrative research.

The Quasi-experimental design is of two types;

- Cross sectional survey
- Longitudinal

The cross-sectional survey is preferred in this study because it enables the researcher to have a wide knowledge on the phenomenon being studied since data is being collected from a very wide range of study element. Secondly, the survey design will be employed because the variables were outside the control of the researcher. Again, this research is descriptive in nature.

Population of the Study

The population of the study refers to the entire members of the target group with similar characteristics or attributes from which the sample of interest in the study will be drawn. The population for this work consist of three oil and gas companies located in Rivers state namely; Shell Petroleum Development company (SPDC), Nigerian Agip oil company (NAOC) and Nigeria Liquefied Natural Gas (NLNG) with a staff strength of 5881 (Oluwa, 2014)

TEST OF VALIDITY AND RELIABILITY.

In this study, various steps was taken to ensure validity and reliability of the measuring instruments.

Validity

To test the validity of the survey instrument, face and content validity would be ensured.

Reliability

In this study, all the instruments to be used in measuring the dependent and the independent variables have established reliability scores. Their internal reliability is measured with the aid of Cronbach's Alpha. Cronbach's Alpha is used in measuring the internal consistency of an instrument, and reviews to the extent to which the measuring instrument items are homogenous and reflect identical underlying constructs (Cooper and Schindler, 2006).

| Item | Cronbach's alpha |
|------------------------|------------------|
| Formal communication | 0.766 |
| Informal education | 0.952 |
| Affective commitment | 0.823 |
| Continuance commitment | 0.741 |

Data analyses:

Since our data is collected in ordinal form, spearman rank order correlation was used for our data analyses

$$r_s = 1 - \frac{6\sum d \sum d^2}{n(n^2 - 1)}$$

Where

r_s = spearman rank order correlation

$\sum d^2$ = sum of squared differences in the ranking of the subject on the two variables

n = Number of subjects being ranked

DATA ANALYSES AND FINDINGS

NAME OF COMPANY

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Valid SPDC | 149 | 55.0 | 55.0 | 55.0 |
| NAOC | 51 | 18.8 | 18.8 | 73.8 |
| NLNG | 71 | 26.2 | 26.2 | 100.0 |
| Total | 271 | 100.0 | 100.0 | |

From The Copies of Questionnaire Distributed, SPDC had a total of 149 copies that were useful for analyses while NAOC had 51 and NLNG had 71 copies that were analysed.

HO₁

Correlations

| | | | FORMAL COMMUNICATION | AFFECTIVE COMMITMENT |
|----------------|----------------------|-------------------------|----------------------|----------------------|
| Spearman's rho | FORMAL COMMUNICATION | Correlation Coefficient | 1.000 | .414** |
| | | Sig. (2-tailed) | . | .000 |
| | | N | 271 | 271 |
| | AFFECTIVE COMMITMENT | Correlation Coefficient | .414** | 1.000 |
| | | Sig. (2-tailed) | .000 | . |
| | | N | 271 | 271 |

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

Our first hypothesis shows a significant relationship existing between formal communication and affective commitment with a correlation coefficient of 0.414 and a p-value of 0.000 which is less than our alpha level (0.05). This means that formal communication positively predicts affective commitment. Therefore, we reject the null hypothesis.

HO₂

Correlations

| | | | FORMAL COMMUNICATION | CONTINUANCE COMMITMENT |
|----------------|------------------------|-------------------------|----------------------|------------------------|
| Spearman's rho | FORMAL COMMUNICATION | Correlation Coefficient | 1.000 | .393** |
| | | Sig. (2-tailed) | . | .000 |
| | | N | 271 | 271 |
| | CONTINUANCE COMMITMENT | Correlation Coefficient | .393** | 1.000 |
| | | Sig. (2-tailed) | .000 | . |
| | | N | 271 | 271 |

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

Hypothesis two also shows a significant relationship between formal communication and continuance commitment with a coefficient of 0.393 and a p-value of 0.000 which is also less than our alpha (0.05). We also reject the null hypothesis

HO₃

Correlations

| | | | INFORMAL COMMUNICATION | AFFECTIVE COMMITMENT |
|----------------|------------------------|-------------------------|------------------------|----------------------|
| Spearman's rho | INFORMAL COMMUNICATION | Correlation Coefficient | 1.000 | .642** |
| | | Sig. (2-tailed) | . | .000 |
| | | N | 271 | 271 |
| | AFFECTIVE COMMITMENT | Correlation Coefficient | .642** | 1.000 |
| | | Sig. (2-tailed) | .000 | . |
| | | N | 271 | 271 |

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

We would also reject our third null hypothesis because we have a strong significance of 0.642 and a p-value of 0.000 which is also less than alpha. This implies that there is a relationship existing between informal communication and affective commitment.

HO₄

Correlations

| | | | INFORMAL COMMUNICATION | CONTINUANCE COMMITMENT |
|----------------|------------------------|-------------------------|------------------------|------------------------|
| Spearman's rho | INFORMAL COMMUNICATION | Correlation Coefficient | 1.000 | .375** |
| | | Sig. (2-tailed) | . | .000 |
| | | N | 271 | 271 |
| | CONTINUANCE COMMITMENT | Correlation Coefficient | .375** | 1.000 |
| | | Sig. (2-tailed) | .000 | . |
| | | N | 271 | 271 |

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

Hypothesis four shows a significant relationship existing between informal communication and continuance commitment with a correlation coefficient of 0.375 and a p-value of 0.000 which is also less than alpha (0.05). We would therefore reject the null hypothesis.

CONCLUSION

From our study, we have seen how formal communications have a significant impact on both affective and continuance commitment, we have also seen that over 80% of our respondents believe that they value informal communication through colleagues and friends within the organization. Therefore, we can affirmatively say that oil and gas workers value that communication pattern flowing from within their organization and they believe that those information are true and valid. We have also understood that these employees have continuance commitment probably because of the pay and benefit they receive from their organizations.

RECOMMENDATIONS:

Based on the outcome of our findings, we would recommend that oil and gas companies ensure that every information relating to employee should be related to them either through formal means which consist of memos and other form of formal communication. Organizations should try to make use of informal groups and try as much as possible to make them useful in the organization because every formal organization must also consist of informal group.

We would also recommend that employees should try as much as possible to go through notice boards on daily basis to find out what information have been laid out for them as not all information may be carried out by their friends and colleagues and most of such information may be adulterated and not as real as it seem to be.

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