

THE EFFECT OF HRM PRACTICES AND DISTRIBUTIVE JUSTICE ON MILLENNIALS' WORK ATTITUDES IN OUTSOURCED CUSTOMER SERVICE ROLES IN THE NIGERIAN BANKING INDUSTRY.

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CHAPTER THREE – RESEARCH METHODOLOGY

ABSTRACT

Purpose: Globalization, privatization and technological advancement have supported the adoption of flexible employment contracts in developing economies like Nigeria where the economy is in recession with high unemployment rate and high cost of doing business. This research focuses on outsourced Millennials in customer service roles and the resultant effects of work attitudes.

Theoretical Framework: The study focused on the Social Exchange Theory & Norm of Reciprocity (Homans, 1958) and equity theory (Adams 1965). The study posited that Human Resource Management practices of Training and Development, Career Development, Supervisor Support and Job Security are related to work attitudes of customer service employees.

Methodology: The study analysed the data of 204 outsourced customer service employees in the Nigerian Banking industry using online survey questionnaires. The hypotheses were articulated and tested using regression analysis.

Findings: The results showed that Human Resource practices influence work attitudes of customer service employees.

Research, Practical & Social Implications: Organisations must invest in HR practices in outsourcing employment contracts.

Originality: This study attempts to examine the effect of outsourcing customer service roles in the banking industry to Millennials and the resultant effects on work attitudes.

KEY WORDS: Outsourcing, globalisation, Job Satisfaction, social exchange, work attitudes, questionnaires, hypothesis

Introduction

The objective of this research is to provide an understanding of the effect of HRM practices and perception of inequity in the administration of HRM practices on customer service Millennials' Affective Commitment and job satisfaction. According to Scandura and Williams (2000), the main purpose of research studies is achieved by sustainable and rigorous methodology as well as well-developed theory.

The chapter seeks to justify the adoption of quantitative and qualitative approaches to the research and design the empirical research methods. The justification includes the basis for the sample selection, questionnaires design used for data collection, and considerations in the administration of the questionnaire. It also gives the conceptual definitions of the study variables and items used in capturing them. Already validated measures of the study variables were used in this study. Finally, the chapter discusses the analysis of the quantitative and qualitative data including

handling of common method variance and validity. Steps taken to ensure ethical considerations in the study are also discussed.

Research Philosophy Overview

This study adopted positivism paradigm. Positivism allowed the research to be conducted without the researcher's influence on the data collection process. It allowed experimentation and testing to confirm hypothesis. It was time efficient, however, assumed the initial hypothesis is always correct. Park et al. (2020) confirmed that positivism builds on verifying a priori hypotheses and empirical experimentation by operationalising variables (defining the variables and converting them into measurable observations using questionnaires and Likert's scales) making it easier to systematically collect data on variables that were not directly observable (e.g., distributive justice). This study aligned with positivism, it focused on identifying explanatory causal relationships or associations between HR practices and millennial work attitudes through quantitative approach on a sample size of 208 respondents. It involved the use of structured methodology to enable replication (Gill and Johnson 2010). Consequently, it emphasised empirical studies and statistical analysis.

Bryman and Bell (2015) suggested that social phenomena and the categories that are used in daily discourse are independent or separate from actors because the research is independent of the subject of research. In line with epistemology, A deductive approach was adopted to provide answers to the research questions. The deductive approach as posited by Collis and Hussey (2003) is the dominant approach in natural sciences where existing laws are used as the foundation of explanation of observations or findings. This approach enabled the researcher to predict possible relationships, allows for control variables and is most suitable for positivism philosophy.

This research adopted epistemology because the foundation of understanding the effect of HR practices on Millennial Affective Commitment and job satisfaction is on the participants' experiences which form the data and can be empirically investigated. The study identified an actual problem in the banking industry where customer service employees are Millennials and outsourced. The role of the researcher was restricted to data collection and the interpretation is objective. The research findings are observable and quantifiable, and results are presented in statistical analysis. Moreover, existing theories were used to develop the hypothesis tested, therefore, the adoption of epistemology positivism was imperative (Blaikie, 2000; Mukherji, 2000).

Research Design

Jahoda et al (1966) defined research design as the procedure for the collection and analysis of data in line with research objectives. Babin et al. (2020, p. 20) defined research design as "a master plan specifying the methods and procedure for collecting and analysing the needed information". These definitions emphasise efficient methodology, appropriate data collection, and analysis with economy and procedure. Bryman and Bell (2015) opined that research design is the basis, structure, and guide to collect and analyse data. It involves different assumptions and methods of collection and analysis of data (Creswell, 2009).

This study was a deductive study which according to Bryman and Bell (2015) represents the view of the nature of the relationship between theory and social research. The study moved from what is known and theories about Millennials, flexible employment contracts, Affective Commitment, and job satisfaction to deduce hypotheses that were investigated through the collection of data and translated into operational, practical terms. The methods of data collection encompassed all the variables identified in the hypotheses. The study also adopted case study of a bank in Nigeria. The case study approach is suitable for understanding contemporary issues in life context and enabled exploration of the effect of outsourcing on the behaviours and work attitudes of Millennials in customer service roles and how it affects service quality. The study adopted exploratory and explanatory strategies. According to Robson (2002), explanatory research examines casual relationships between variables while exploratory study examines new insights, seeks to give an understanding of the nature of a problem.

Area of Study

The study focused on Millennial customer service employees in commercial banks in Nigeria. The Nigerian banking industry had undergone liberalisation in the late 1980s and early 1990s. The deregulation of the sector introduced new and aggressive banks. The old generational banks were struggling to keep their market share, while the new banks referred to as new generational banks struggled for a position as well. Survival was imperative by cut-throat competition and by the mid-1990s, about 34 banks (out of a total of over 120) closed operations (Adeleye, 2011). The surviving banks had to re-strategise by improving operational efficiency and keeping costs at a minimum to achieve a competitive advantage. Moreover, labour costs represent a significant component of operational expenses, therefore, aggressive labour cost reduction was necessary. Consequently, banks adopted various flexible employment practices. Flexible employment has been established in the oil & gas sector where it accounts for almost 90% of the entire workforce (Okafor, 2007). The successful implementation in the oil & gas industry provided legitimacy to Nigerian banks to adopt flexible employment contracts.

The 2004 Banking reform reduced the total number of banks to 25 and as of May 2024 there are 26 commercial, 4 non-interest and 6 Merchant banks (Central Bank of Nigeria, 2024)

Description of the Population

These participants were Millennial outsourced customer service employees who have been in the banking industry for more than a year. These respondents are front desk staff responsible for customer inquiries, fund transfer officers, the tellers. These are direct customer interfacing and are responsible for customer experience and satisfaction.

Sample and Sampling Technique

The sample was made of 208 respondents using convenience sampling method to select customer service millennial employees from the banking industry.

Determination of sample size (Cochran, 1977), n_0

Figure 1
Figure 2

$$n_0 = \frac{(t)^2 \times (p)(q)}{(d)^2}$$

$$n_0 = \frac{(1.96)^2 \times (0.5)(0.5)}{(0.05)^2}$$

$$n_0 = 384$$

Since 384 is greater than 5% of population size of 425, sample size correction will be equal to

$$n_1 = \frac{n_0}{1} + \frac{n_0}{\text{Population Size}}$$

$$\frac{384}{1.9035} = 201.7336$$

With response rate of 97%,

$$n_1 = \frac{201.7336}{0.97} = 208$$

where:

n_0 = sample size

n_1 = corrected sample size

t = value for selected alpha level of 0.05 (0025 in each tail, i.e., 1.96)

(p) (q) = estimate of variance. p = maximum possible proportion (0.5) and q = 1-p

d = acceptance margin of error (0.05)

The sample was from two banks – First Bank of Nigeria Plc (FBN) and United Bank for Africa Plc (UBA) between November 2022 and January 2023. FBN was chosen because it was rated second two times consecutively (2015-2016) in the KPMG customer satisfaction survey, Best Retail Bank of the year by International Finance Magazine (2022) and African bank of the year by African Leadership Magazine (2023). It was established in the 1894, with employee base of over 16,000 as at 2023 and over 42,000 customers. In 2011, it became the biggest bank in Nigeria by market capitalisation (company website).

UBA was chosen because it rated 8th in the KPMG, 2016 customer satisfaction survey, established in 1949, it merged with Standard trust bank in 2005 to have the highest number of branch network with over 45 million customers and over 20,000 employees (company website). UBA is ranked third in Nigeria (The banker Magazine, 2017), Bank of the year 2022 by Business Day Group and Africa Bank of the year 2023 by Banker Magazine. The participants were selected using convenience sampling method.

The Banking industry is characterised by expensive headquarters, high investment in ICT software and hardware, high fixed and operating costs, and multiple branches in highly commercialised locations. Banks need to reduce cost and labour cost is easier.

The sample for qualitative study was made up of 10 customer-service millennial employees and 10 customers.

Source of Data

Design and Administration of Questionnaire

The questionnaire was developed from existing literature, used in previous research studies. The questionnaire had four sections: Demographic, HRM practices (training & development, career progression, supervisor Support, job security); Employee Affective Commitment, and Job Satisfaction. All the questions were answered on the seven points Likert scale varying between strongly disagree (1) and strongly agree (7). The surveys were sent to customer service millennial employees via email, with a brief introduction explaining the scope of the research and guidelines on completing the questionnaire. The employees selected the most appropriate answers to them from strongly disagree (1) to strongly agree (7).

Responses were poor when the questionnaires were sent directly to the customer service employees. However, when the questionnaires were sent via the outsourcing companies, they were responsive.

The study used a combination of methods where measurable and subjective methods were adopted in determining the relationship between the variables and the collection of data was by convenience sampling of customer service employees in the banking industry. The qualitative data were collected via interviews of some of the participants and customers. Respondents and customers were interviewed to get a better perspective of responses from the questionnaire to provide adequate information for data analysis.

Variables Measures

The measuring instrument was in two parts. The first part contains questions that measure the seven study variables. The measures utilised a 7-point Likert scale where a high total indicates the high value of the construct while the second part had questions relating to the biodata of the participants (gender, age, tenure on organisation, educational qualifications).

Training And Development

Training was measured using a scale developed by Singh (2004) with 6 items and Cronbach alpha of 0.86. Respondents were asked to indicate on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree) to what extent training needs are identified on the basis of individual as well as firm needs. For example: "Our organisation conducts extensive training programs for its employees in all aspects of quality".

Career Progression

Career Progression used the 'Career planning' system scale developed by Singh (2004). It has 7 items and a Cronbach alpha of 0.82. Respondents were asked to rate the clarity and usage of the career planning system on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree). An example of the item is: "Individuals in this organisation have clear career paths".

Supervisor Support

Supervisor support was measured with an eight items scale by Eisenberger et al. (1986) on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree). An example of the item is “My organisation cares about my opinions.” The Cronbach alpha was 0.89.

Job Security

To measure job security a 7-point Likert scale developed by Oldham et al. (1986) was used. The original scale had 10 items; however, for this survey, eight items were adopted. This is to make the instrument less lengthy and removing two items did not have significant impact on the Cronbach alpha. This indicates that all items are highly correlating and measure job security (Gray, 2006; Peterson, 1994) An example is: “I will be able to keep my present job as long as I wish”. The Cronbach alpha was 0.86.

Commitment

TCM Employee Commitment Survey was also adopted to measure employee commitment. TCM Employee Commitment Survey (TCMECS) was developed by Meyer and Allen (1991, 1997, 2004). It is a standardised instrument and measures three dimensions of employee commitment (affective, normative, and continuance commitment) using validated scales. Affective Commitment Scale (ACS) was the focus of this study. The ACS has six items referred to the emotional attachment to and involvement with an organisation. This relates to employees' perception of their relationship with the organisation and their reasons for staying. An example of an item is “I would be happy to spend the rest of my career at my organisation.” The responses were measured on a 7-point Likert scale. The Cronbach alpha for the TCMECS was 0.84.

Job Satisfaction

The job Diagnostic Survey (JDS) by Hackman and Oldham (1975) was adopted to measure job satisfaction. It measured different aspects of job satisfaction (growth, pay security, social, supervision and global satisfaction. The responses were measured on a 7-point Likert scale. An example of an item is “The job gives me a chance to use my personal initiative and judgment in carrying out the work.” The JDS included 15 items that measured the five core job characteristics of task identity, task significance, skill variety, autonomy, and feedback. The Cronbach alpha ranged from 0.71 (skill variety and feedback from the job itself) to .59 (task identity). This study picked one question from each core job characteristic. This is to make the instrument less lengthy and quicker for participants to complete.

Distributional Justice

The study adopted the Distributive justice scale developed by Colquitt (2001) to assess perceptions of distributive justice. The scale contained the following four statements which were modified to include the HRM practices studies. The items used include the following: “My work schedule is fair, I consider my workload to be quite fair, Overall, the rewards I receive here are quite fair, I

feel that my job responsibilities are fair” The reliability obtained by Colquitt (2001) is 0.95 compared to 0.93 obtained in this study.

Control Variables

A control variable is any variable that can be held constant or limited in a research study. It is not critical to the purpose of the study; however, if not controlled could affect the results. Control variables will improve the internal validity by controlling the effect of confounding and other unrelated variables determining the underlying linkage between the dependent variables and independent variables. For this study, participants were selected by convenience sampling, the procedure was standardised, and the effects of control variables isolated. According to Bernert and Aguinis (2016), York (2018) and Li (2021), including control variables in hypothesis testing could lead to decline in obtainable degrees of freedom and statistical power, consequently limiting the extent of variance that can be explained in the outcomes of concern. Moreover, Carlson and Wu (2011) confirmed that control variables are often weakly related to the main variables and rarely affect the interpretation of results. Therefore, the effects of control variables were isolated. The study controlled for factors related to Affective Commitment and job satisfaction:

1.7.8.1. Tenure

Tenure reported how long the employee has worked for the organisation. Tenure has an impact on organisational commitment at the individual level (Meyer, Stanley, Herscovitch and Topolnytsky, 2002) and performance when experience on the job is considered. Tenor in the organisation will be measured using ratio scale. For example:

How long have you been working for the current company?

1 – 2 years = 1

3 – 4 years = 2

5 and above = 3

1.7.8.2. Level of Education

This reported the impact of the level of education on Affective Commitment and job satisfaction. Employees with higher educational levels will expect more from the organisation in terms of career development and growth. Please indicate your highest level of education attained:

OND = 1

HND = 2

BSC = 3

MSC = 4

Associate degree = 5

Currently pursuing (bachelor's degree or master's degree) = 6

1.7.8.3. Gender

It has been argued that Female employees tend to stay longer in organisations (Aydin et al., 2012 and Baluku et al., 2020). This reported the effect of gender differences on performance. Gender was measured using a nominal scale. For example:

Female = 1 and Male = 2

Preliminary Statistical Analysis

In this study reliability was confirmed with the Cronbach's alpha; it tests the consistency of all scales used to measure the variables. Exploratory and confirmatory factor analyses were used to establish consistency. This researchwork used cross-sectional method of data collection, hence common method variance was an issue. The study utilised three methods to determine the level of common method. These were exploratory and confirmatory factor analysis (Podsakoff & Organ, 1986); the Harmon one-factor method and a common factor in the model (Chang et al., 2010; Eichhorn, 2014). Construct, convergent and discriminant validity were established for the variables (Hair et al., 2010).

Analytical Tools

The data in this study were analysed using moderated regression analysis. Regression analysis is a quantitative technique used to test the nature of the association between a dependent variable and one or more independent variables. It is founded on the following assumptions:

- i. Linearity: There is a linear relationship between dependent and independent variables.
- ii. Homoscedasticity: Data for dependent and independent variables have equal variances.
- iii. Absence of collinearity or multicollinearity: There is no relationship between two or more independent variables.
- iv. Normal distribution: The data for both independent and dependent variables are normally distributed.

Content validity test was carried out to confirm the validity of the instruments and the instrument was subjected to confirmatory test by obtaining the average variance explained (AVE) and composite reliability. Construct validity was measured statistically using principal component analysis (Bartlett test of Sphericity) to determine whether the questions measure the variables in the study.

Normality of the distribution was assessed using statistical and graphical methods. Skewness and Kurtosis were used to assess the normality of data while for the linearity test, Pearson correlation statistic was employed. Homoskedasticity was checked using a Scatter Plot.

The data were analysed using quantitative and qualitative statistical analysis methods. Process Macro in SPSS (Hayes, 2018) was used to determine the degree to which the independent variables - HR practices (training & development, career growth, job security and supervisory support) influenced Millennial employee Affective Commitment and job satisfaction. It established how the perception of inequity in HR practices will affect the relationship between HRM practices and Millennials' Affective Commitment and job satisfaction.

Regression analysis I presented the values below:

F-Value measures the variance of a group of means. It is used to determine if a result is significant enough to reject the null hypothesis.

R-Squared: Is the value where the independent variable attempts to explain the extent of change by a dependent variable. It implies that the result of the analysis is predictive and accurate.

P-Value indicates the relevance and statistical significance of the effect of the independent variable. It must be less than 0.05.

Standardised coefficient is the measure of the influence of each independent variable to effect a change in the dependent variable.

Regression Model

Figure 2

Equation

$$Y = b_0 + b_1(x_1) + b_2(x_2) + b_3(x_3) + b_4(x_4)$$

Where:

Y = Dependent variable

x = Independent variable

b = slope, intercept or constant

The standardised coefficient is the measure of the influence of each independent variable to effect a change in the dependent variable.

Qualitative Study

The qualitative study involved selected customer service representatives and customers of the bank. Open-ended questions were emailed to the employees through the vendor (recruiting companies) and to the customers through social media for comments and feedback.

Qualitative data from the open-ended questions submitted by the participants was coded using the interpretation-focused coding strategy in Nvivo (Adu, 2019). This strategy portrays the meaning that the researcher derives from information observed in the data acquired.

The open-ended interview questions were used to gather data for the study because it allowed outsourced customer service employees and customers to express their feelings regarding the HR practices of the organisation and quality of service rendered in an orderly manner by using pre-made interview questions as confirmed by Gaber (2020). The collected data, interview responses were organised in a chronicled way and coding assigned to methodically analyse the responses.

Summary

In summary, this chapter provided an overview of the methodology used to answer the research questions by discussing the research design, sample selection, data collection, and analysis techniques. It also described the survey questionnaire and administration of the questionnaire, and the measures adopted for analysis.

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