



## Decision Making and Staff Commitment in the School of Finance and Banking in Kigali - Rwanda: A Pragmatic Study

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### ABSTRACT

The purpose of the study was to investigate the relationship between Decision Making and Staff Commitment in the School of Finance and Banking in Kigali Rwanda. A cross-sectional survey design was used with the target sample size of 97 out of 130 parent population. The total number of questionnaires that were filled and returned was 78, giving a high response rate of 80.5 percent. Due to the heterogeneous nature of the population, the researchers used stratified sampling and random sampling. Descriptive analysis involving frequencies, percentages and Pearson Product Moment Correlation Coefficient for inferential statistics were carried out. The correlation between the two variables was weak at 0.425, and significant at 0.000 value. The results were linearly correlated and this implies that staff commitment is positively correlated with participation in decision making; whenever employees are involved in decision making process, they are likely to be more committed and vice versa.

**Keywords:** Participatory Decision Making and Staff Commitment

### Introduction

The purpose of the study was to investigate the relationship between Decision Making and Staff Commitment in the School of Finance and Banking in Kigali - Rwanda. Background of the study is given using the four perspectives approach, namely, the historical, theoretical, contextual and contextual perspectives. This is followed by the problem of the study, objective, scope, conceptual consideration, methodology, findings, discussion, conclusion and finally, recommendation.

### Background

**Historical perspective:** The Government of Rwanda has various objectives that act as the point foci in its policy formulation and implementation. Amongst these is one of devising and implanting policies that promote the welfare of all its citizens. It was in pursuit of this objective that the School of Finance and Banking (SFB), a public institution of higher learning, was established in June 2002 and took up its training mandate in 2004, offering Masters in Business Administration (MBA) with specializations in Banking, Finance, Project Management and Association of Chartered Certified Accountants (ACCA) programmes, a professional course in accountancy. In addition, tailor-made short-courses and professional programmes were designed in various management disciplines to meet the changing needs of business leaders and managers. In 2005, the Cabinet decided that the Management Faculty that was part of Kigali Institute of Technology (KIST) was to be transferred to the School of Finance and Banking (SFB) with effect from January 2006. Therefore, in addition to Master of Business Administration (MBA), SFB started offering Bachelor of Business Administration (BBA) programme in Accounting, Finance, Human Resources Management and Marketing specializations. Today, various undergraduate programmes and short- courses are being implemented to cater for the needs of Rwandan and regional labor market so as to transform the SFB into an international business school.

According to National Council for Higher Education of Rwanda (NCHE, 2010) report on public higher institutions, School of Finance and Banking was among the leading institutions where staff commitment was reported to be low; this situation was worse during 2008 & 2009 academic years. Nonetheless, no single study has been carried out to find the extent to which leadership practice - participation in decision making, can explain Staff Commitment in the School of Finance and Banking (SFB) in Kigali – Rwanda; thus, a gap which this study attempted to fill.

**Theoretical Perspective:** Since time immemorial, leadership has been underpinned by numerous theories that have been categorized into historically distinct approaches that focus either on traits, behaviors, situational contingencies and transformational leadership. These theories attempt to simulate reality and thereby show an interrelationship of the various factors that are perceived to be involved in the leadership process which takes place between leaders and followers (Woodcock, 2010). The theory that guided this study was the Perceived Organizational Support (POS) theory. The theory encompasses the degree to which employees believe that their organization values their contributions and cares about their well-being (Eisenberger & Rhoades, 2002). According to the proponents, the theory holds that in order to meet socio-emotional needs and to assess the benefits of increased work effort, employees develop beliefs of perceived organizational and perceived supervisor support. Due to the norm of reciprocity, this support makes the employee feel obligated to exhibit beneficial organizational commitment. Additionally, research has shown that collectivism is an individual level trait (Woodcock, 2010). Collective individuals are more group oriented and therefore, more committed to social groups. In sum, POS theory arouses employees' sense of obligation to help organizations to reach objectives, enhancing employees' emotional commitments to organizations, and make employees dedicated to organizations willingly. In this study, the researchers examined the exertion of participatory decision-making on staff commitment in the School of Finance and Banking in Kigali.

**Conceptual Perspective:** Conceptually, participatory decision-making in leadership is one of the world's oldest and most topical issues. Researchers usually define leadership according to their individual perspectives and the aspects of the phenomenon of most interest to them. Gerber, Nel & van-Dyk (1996), for example, define leadership as an interpersonal process through which a leader directs the activities of individuals or groups towards the purposeful pursuance of given objectives within a particular situation by means of communication. While Gardner (1990) & Vecchio (1997) describe leadership as the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation. In this study, leadership practices were used to refer to the process of guiding the behavior of others towards the goals of an organization; specifically, participatory decision-making and staff commitment was considered.

Another concept is Participative Decision-Making (PDM) and this was defined as the extent to which employers allow or encourage employees to share or participate in decisions that affect their organization (Probst, 2005). It was envisaged that among the vital roles of PDM in an organization is promotion of staff commitment and this constituted the assumptions which this study sought to explore.

With regard to commitment, Pfeffer (1998) beheld this concept as the social and psychological processes whereby members of an organization develop and maintain an attachment to the organization. In other words, commitment occurs when the interests of an individual merge with the interests of an organization, resulting in the creation of identifications based on those interests. This study, however, adopted Meyer and Allen's (1991) conceptualization of commitment as a form of psychological attachment to an employing organization. While it is imperative that efforts are made to elicit staff commitment, it is equally imperative that the leaders of institutions demonstrate the practices necessary to be successful leaders, particularly through Participatory Decision Making.

**Contextual Perspective:** Although many institutions claim that their employees are their greatest asset and agents of their success, the notion of staff commitment is often overlooked, yet it is of great importance to organizational functionality. Given the fact that institutional leaders usually work in unpredictable situations where they often experience stress and frustrations, institutional leaders' question is: what factors prevent their employees from being committed to the goals and values of their organizations. In many developing countries, Rwanda inclusive, initiatives for improving education systems have often been short-lived. Individuals implementing such initiatives seem to lack an understanding of effective leadership practices, especially participatory decision-making, ultimately resulting into lack of satisfactory loyalty from subordinates. According to NCHE for Rwanda (2010) report on public higher institutions, School of Finance and Banking was among the leading institutions where staff commitment was reported to be low. According to the report, this situation was worse during 2008 and 2009 academic years. A study by Public Service Commission (2010) found that 68 percent of public sector employee had changed institutions more than once between 2008 & 2009. One of the main causes of low staff commitment was poor management of human resources, as revealed by the report. But as Snowden & Gorton (2002) affirm, for improvement efforts to be realized, a leader is a key to providing the leadership necessary for such efforts to be met with success and this, among others, is through effective leadership practices, participatory decision-making, being one.

It is believed that leaders must, among other things, put in place adequate mechanisms of participatory decision making as a way of empowering their subordinates for commitment to occur. This study aimed at determining the relationship between leadership practice, specifically, participatory decision-making and staff commitment in the School of Financing and Banking in Kigali - Rwanda.

## Statement of the Problem

Like other organizations, educational institutions have long recognized human capital as a competitive advantage for their effectiveness. Interaction with some members of staff, the researchers have noted with concern that most of the employees are not committed to their work with many of them expressing a strong desire to leave if they happen to get employment elsewhere, claiming that they stand nothing to lose if they left the school and demonstrating low signs of commitment to the school and many other expressions of discontent. Admissibly, NCHE Rwanda (2010) report on public higher institutions, School of Finance and Banking was among the leading institutions where staff commitment was reported to be low; this situation was worse during 2008 and 2009 academic years. To date, no empirical study has been conducted to find out the factors explaining the above phenomenon, but it is a hunch, that leadership practices, particularly, participatory decision making, exert a significant influence in accounting for low staff commitment. Accordingly, this has instigated the need to inquire about participative decision-making as one of the leadership practices and employee commitment in the School of Finance and Banking, Kigali.

## Objective

To establish the relationship between participatory decision making and staff commitment in the School of Finance and Banking in Kigali - Rwanda.

## Scope

The study was carried out in the School of Finance and Banking which is one of the higher public institutions in Rwanda. The institute was established under School of Finance and Banking statute law No. 21/2002. It is located at Mburabuturo in central Kigali City in Kicukiro District. The study focused on participatory decision making as a leadership practice as potential factor that affect staff commitment.

## Methodology

Research design, target population, sample and sampling techniques that were used in data collection are here presented; others are, the instruments used in data collection, quality control techniques, research procedure and analysis of data.

The research adopted a cross sectional survey design. This enabled the researchers to collect a lot of information from a number of respondents at one point in time and its results are generalizable and to a larger population within defined boundaries and can be extrapolated (Amin, 2005); both quantitative and qualitative research paradigms were employed.

The population was composed of both the teaching and non-teaching staff of the School of Finance and Banking. At the time of this research, the SFB had a total of 130 employees of which 70 comprised the teaching staff while 60 were the non-teaching staff.

From a parent population of 130 a sample of size of 97 was to be chosen as determined by Krejcie & Morgan (1970) as cited by Amin (2005). However, the total number of questionnaires that were completely filled and returned was by 78 respondents that gave a high response rate of 80.5 percent. Due to the heterogeneous nature of the population, the researchers used stratified random sampling where from each sub population, a proportionate sample was obtained in order to ensure that all groups were fairly represented in the study. Random sampling was then used because of the advantage, enabling each member in the target population to have an equal opportunity of being chosen (Amin, 2005); data was collected with the help of a self-administered questionnaire and interview guide (Trochim, 1996). This allowed the researcher to triangulate the quantitative findings from the staff with the qualitative data from the administrators. Data quality was ensured by checking the validity and reliability of the questionnaire. The CVI of 0.7 indicated that the instrument was valid since it was above the minimum recommended value of 0.7 (Amin 2005).

The reliability coefficient was computed using Cronbach's alpha formula coefficient. Table 1 presents a summary of the reliability coefficient.

**Table 1 summary of the reliability coefficient**

Cronbach's Alpha	N of Items
.894	36

From Table 1, the average correlation between the items in the questionnaire was .894 which was above 0.7 the normal degree for acceptable reliability of instruments (Nunnally, J. C. & Bernstein, I. H., 1994).

Data was coded and analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive analysis was done involving frequencies, percentages and Pearson Product Moment Correlation Coefficient for inferential statistics. Critical assessment of qualitative data was done, examining it using thematic interpretation in accordance with the items that comprised the study objective.

## Findings

Participatory decision making was a variable considered in accounting for variations in the commitment of staff to the institution. To verify this assumption, a series of closed ended items were formulated on which a sample of staff in the School of Finance and Banking were asked to indicate their levels of agreement or disagree to the different statements and the responses are as found in Table 2.

**Table 2: Responses on participation in decision making**

Item	Level of Response	Frequency	Percent
Management believes in sharing decision making with other employees	Strongly disagree	7	9.0%
	Disagree	23	29.5%
	Neutral	12	15.4%
	Agree	29	37.2%
	Strongly agree	7	9.0%
Everyone in an institution participates in decision making process	Strongly disagree	16	20.5%
	Disagree	35	44.9%
	Neutral	21	26.9%
	Agree	2	2.6%
	Strongly agree	4	5.1%
I am always consulted for my work in this institution	Strongly disagree	7	9.6%
	Disagree	23	31.5%
	Neutral	19	26.0%
	Agree	20	27.4%
	Strongly agree	4	5.5%
I have limited influence or opportunity to participate in decision making process	Strongly disagree	11	14.3%
	Disagree	24	31.2%
	Neutral	20	26.0%
	Agree	19	24.7%
	Strongly agree	3	3.9%
My supervisor is responsible for creating a common goal which he/she communicates & share it with me or others	Strongly disagree	4	5.1%
	Disagree	12	15.4%
	Neutral	22	28.2%
	Agree	33	42.3%
	Strongly agree	7	9.0%
The views of employees are sought & considered before decisions are taken	Strongly disagree	12	15.4%
	Disagree	30	38.5%
	Neutral	24	30.8%
	Agree	10	12.8%
	Strongly agree	2	2.6%
My supervisor seek & take account of my views before making a final decision on a given matter	Strongly disagree	11	14.1%
	Disagree	22	28.2%
	Neutral	27	34.6%
	Agree	17	21.8%
	Strongly agree	1	1.3%
Employees in this institution are consulted on matters of interest to them	Strongly disagree	8	10.3%
	Disagree	25	32.1%
	Neutral	20	25.6%
	Agree	20	25.6%
	Strongly agree	5	6.4%
My institution provide ad-hoc meetings & when a particular need arises	Strongly disagree	5	6.4%
	Disagree	20	25.6%
	Neutral	16	20.5%
	Agree	30	38.5%
	Strongly agree	7	9.0%

Evidence derived from Table 2 reveals a series of negative, mixed and positive responses from the participants where they tended to disagree, taking neutral positions or agree. For example, although some respondents 38 (46.2%) held that the institution management believed in sharing decision making with employees, a fairly large number of 30 (38.5%) disagreed. This could mean, participation is not a right but privilege of some few. This assertion is supported by the findings of the next statement where a significant number of the respondents 51 (65.9%) averred that participation in decision making was not for everyone in the institution. But in the interviews most of the Heads of Departments (HODs) and Directors of the different units stated that staff views are considered. To this effect, on being asked to explain how the subordinates were consulted, several responses were given - some of which are summarized in the following verbatim quotation.

*“One on one discussions or normally meetings are organized” Interviewee 1 (from Academic services unit)*

In a similar vein, although it is recommended that organizations should always consult their subordinates before taking fundamental decisions, the results in the table showed that it was only a selected few that were consulted 24 (33.9%) while majority of the participants in this study were hardly consulted. As the results indicate, most of these staff complained that they had limited influence in the decision making process of the institution.

Lack of participation of most of the employees means that the views of most of the employees were rarely sought and considered before decisions were taken. According to the respondents, it was always the supervisors who acted as a mouth piece for the subordinates where the latter sought the views of the former before final decisions on a given matter were arrived at. All these suggest that employees are rarely directly consulted by the top management of the institution to give an input as to what they considered to be the useful decisions that matched their interests.

On a positive note, however, it was reported that supervisors were mainly responsible for creating common goal which they always communicated and shared with their subordinates, perhaps through ad-hoc meetings and whenever a particular need arose. In relation to how employees participate in decision making, *Interviewee 3 (from Students' affair unit) argued:*

*"They are always given an opportunity to present their ideas at the unit level".*

Another respondent from the Human Resource and Administration Unit revealed:

*"We normally call every individual and we discuss with them the decision we plan to take so that they also become part and parcel of that decision since they were involved in its formulation" (Interviewee 4)*

Furthermore, participants were asked to mention the mechanisms through which employees were consulted before making final decision on a given issue. According to the responses, verbal communication, staff meetings, e-mails and use of telephones were mentioned as the major mechanisms. Interviewee 5 (from the Research and Consultancy Unit) clearly elaborated, thus;

*"Normally, I call every subordinate to give in his/her ideas on a given issue and most of the views they raise are put into consideration".*

In order to establish whether the responses on participation in decision were related to staff commitment, Pearson Moment correlation Co-efficiency was used and the results of the analysis are presented in Table 3.

**Table 3: Correlation between participation in decision making and staff commitment**

		Participation in decision making	Staff Commitment
Participation in decision making	Pearson Correlation	1	.425(**)
	Sig. (2-tailed)		.000
	N	78	78
Staff Commitment	Pearson Correlation	.425(**)	1
	Sig. (2-tailed)	.000	
	N	78	78

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

In Table 3, the correlation between the two variables was 0.425 while the sig. value was 0.000. Thus, since the sig. value was less than 0.01. The findings led to the rejection of the null hypothesis and acceptance of the research hypothesis or research alternative and inferred that the variables were linearly correlated and the nature of the relationship was significant; this implied that staff commitment is significantly correlated with participation in decision making; whenever employees are involved in decision making process, they are likely to be committed and vice versa.

## Discussion

This section entails the discussion of the findings in relation to the research objectives that guided this study. This leads to conclusions and recommendation.

The study was about the relationship between participation in decision making and staff commitment in the School of Finance and Banking in Kigali and according to the findings, a linear and significant relationship was established. The fact that a statistically significant correlation exists indicates that participation decision making was contributive toward staff commitment in School of Finance and Banking in Kigali - Rwanda. The findings align with a research study conducted by Poole, Lansbury and Wailes (2001) whose finding indicated that direct participation had a positive and significant contribution in enhancing organizational commitment at workplaces. Similar results were also proven by Torka (2003 cited by Dirk, 2007) who found that amongst Dutch metal workers, employee involvement led to more affective and normative commitment to the department as well as to the organization. The empirical findings also corroborate Topolnytsky (2002) who found a positive correlation between affective commitment and employees' job involvement. In the same vein, Brewer (1996) demonstrated that participation in decision-making is one of the important factors in shaping organizational commitment. The findings further align with Darjan & Milan's (2004) research which revealed a significant positive correlation between participation in decision-making and staff commitment. The same analysis aligns with DeCotiis & Summers (1987) who found that when employees were treated with consideration of involving them in decision making, they displayed greater levels of commitment. The varying responses on the same question is suggestive of inconsistencies which cast doubt on the involvement of the employees in decision making in the School of Finance and Banking in Kigali - Rwanda.

According to Strauss (2006), participation in decision making can be thought of as three dimensions. The first two deal with the opportunity for employees to give input for decision (voice), and there is also the actual influence employees have. It is therefore suggested that when the staff are allowed to voice their opinions, at some point they also should have actual influence, otherwise they will get frustrated. Thirdly, for successful participation, employees need to be provided with relevant information (Harrison, 1985). In this respect, managers play an important role in the success of participation. The study further contributes new directions in the research of management by opening up a debate on the importance of participation and organizational commitment. Accordingly, the empirical evidence appears to support the view that practices like participation can influence the forms of organizational commitment. Therefore, organizations interested in their growth and in highly committed work force must involve their employees in decision making process.

Organizations which make effective use of HRM practices on a wider scale can generate higher returns. In addition, the revelation of this research provides proofs for the organizations that whenever the workforce is not involved in their organization, commitment is adversely impacted. When an employee is not committed, there are multiple effects. The first is the loss of that person's skills and knowledge. The second is the loss of productivity of the organization. The third is the financial impact of replacing that individual. The fourth is the impact on employee morale, depending on the reason the employee left the company.

One way of addressing this could be by increasing the interactions with employees in staff meetings and increasing guided discussions of topics related to these issues. Employees could be interviewed to determine their perceptions of management's ability to address these issues. Changes in organizational variables, such as employee contribution in policy development, and better work environment could then be made in an effort to increase organizational commitment.

Probst (2005) submits that participation in decision making is most effective where a large number of stakeholders are involved and all from different walks of life, coming together to make a decision which benefits everyone. When employees participate in the decision making process, they improve understanding and perceptions among colleagues and superiors, and enhance personnel value in the organization. In a participative decision making process each team member has an opportunity to share their perspectives, voice their ideas and tap their skills to improve team effectiveness. As each member can relate to the team decisions, there is a better chance of their achieving the results. When everyone in an organization participates in the decision-making process, organizational communication is much more effective and everyone produces more efficient results (Walker, 2007).

By sharing decision-making with other employees, institutions eventually achieve organization objectives that influence them. In this process, PDM can be used as a tool that enhance relationships in the organization, explore incentives of employees and increase the rate of information circulation.

## Conclusion

Effective leadership practices are those approaches that bring about quality awareness in all organizational processes. In this study, it was established that participation in decision making was weak and that is statistically proven by the level of its relationship with staff commitment in the School of Finance and Banking in Kigali

## Recommendation

From the results of the investigation and conclusion that arose from it, it was evident that leaders in the SFB should lay much emphasis on their participatory decision making, as one of the best practices in leadership, in order to elicit commitment of their staff. Similarly, it is important for leaders in the SFB to set a shared vision and mutual goals with their staff in order to gain employees' commitment towards the institution.

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