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Employee's Perception of Change Effect as a Competitive Advantage on Nigeria Banking Industry: An Empirical Analysis

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Abstract

The intensity of competition has increased within the Nigeria banking system, due to series of reforms that led to implementing organizational development in the industry as away of repositioning the country's economy to achieve the objective of becoming one of the 20 largest economy by the year 2020. Creating a sustainable competitive advantage therefore has become paramount importance considering the institutional changes that were introduced in form of strategy to conform to the changing norms and patterns of operation in the industry. Such strategies include merger and acquisitions, private placement, re-engineering process, right sizing and so on. This paper attempts to evaluate employee's perception of change effect as a competitive advantage on the Nigeria banking industry, thereby assessing employees' perception of change effect on personal job outcome variables in relation to change success. Using multiple regression analysis, the findings of the study reveal the existence of significant relationship between employees' perception of change success and the personal job outcome variables. The beta analysis shows that employee perception of job commitment; good salary and job security were the strong determinants of employee perception of change effect with perception of self- actualization and career progression as the weak determinants. It is proffered in the paper that change agents in the banking industry should always consider the aspect of job security and motivational incentives when implementing change.

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Key words: competitive advantage, banking industry, job security, job commitment, career progression, self-actualization.

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1. Introduction

The study of competitive advantage on assessing employee's perception of change effect is one of the important concepts of organization development (OD); in fact change is the bedrock of organizational survival. Therefore competitive advantage is the ability to earn a higher rate of profits than the average rate of profits of the market in which it competes. Thus, an important step in gaining a competitive advantage is to create unique value for employees. When employees are engaged, productivity, performance and customer satisfaction all improve because employees become more motivated to contribute to organization's success and more willing to put extra effort to accomplish tasks that are central to corporate goals. Creating and appropriating value requires the right activities and the underpinning of resources and capabilities. According to Sharma and Vredenburg (1998), competitive advantage, through environmental management, occurs when an organization has a proactive corporate strategy. A proactive strategy means that an organization has a consistent pattern of environmentally friendly activities and these activities are integrated in their daily operation. A competitive advantage in the form of product/process cost lowering, product/process innovation, improved reputation and improved relationship with stakeholders can be reached when an organization has a clear corporate environmentally responsive strategy (Ambec and Lanoie 2008). However these competitive advantages can be seen as organizational capabilities with the intention to coordinate the firm's resources as efficient and competitive as possible, therefore organizational capabilities which can lead to competitive advantage are; stakeholder integration, high-order learning and continuous innovation.

Furthermore, competitive advantage can result either from implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors or through superior execution of the same strategy as competitors (Barney, 1991; Barney et al., 1989). Hofer and Schendel (1978) describe competitive advantage as "the unique position an organization develops vis-a-vis its competitors". Competitive advantage is mainly derived from resources and capabilities. Resources have been termed "assets", "strengths and weaknesses" and "stocks of available factors" (Amit and Shoemaker, 1993; Wernerfelt, 1984). The capabilities of a firm are what it can do as a result of teams of resources working together.

Porter (1985), States that Competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and services that justifies a higher price. Porter defined competitive advantage along the three dimensions of cost, differentiation and focus with competitors trying to set themselves apart from those perceived as 'struck in the middle' without competitive advantage. He explained further, that being able to produce an event at a lower cost compared to the competitors is one way to competitive advantage. Henderson (2011) stipulates that the other two routes to competitive advantage relate to the value seen by customers who either see specific attractive elements in offering "differentiation" or feel that all their needs are being met in the best way that competitors offering "focus". In addition, Miller (1988) distinguishes between two types of differentiation advantages such as innovation differentiation and market differentiation. Li and Zhou (2010) emphasized that a firm can differentiate itself in various ways, such as offering innovation features, launching effective promotion, providing superior service and developing a strong brand name.

Moreover, there is always the element of change in competitive advantage failure to anticipate, plan and focus on change leads organizations to demise. According to Cummings and Worley (2005) organizational change involves moving from the known to unknown, because the future is uncertain and may adversely affect people's competencies, worth and coping abilities, organization members generally do not support change unless compelling reasons convince them to do so. To guide change efforts, it is