
Impact of Social Exchanges of Entrepreneurs on Organizational Productivity and Profitability in Lubcon Oil Limited.

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ABSTRACT

There has been serious deterioration among various business in Nigerian organization, due to lack of adequate management of entrepreneur and other emotion positively to bring support, total commitment, solidarity, mutual benefits among the workers and customers in organization to fostering organization productivity. This study examined the impact of social exchanges of entrepreneurs on organizational productivity and profitability in LUBCON head office in Ilorin. A descriptive survey research design was employed. Primary data with the aid of a structured questionnaire were used in the collection of data. The result of this study revealed that social exchange of entrepreneurs significantly affects the organizational productivity and profitability. Hence this study concluded that social exchange of entrepreneurs has a positive effect on the productivity and profitability of LUBCON head office in Ilorin. The study recommended that efforts should be concentrated on improving the interpersonal relations of employee in an organization as this will have a positive impact on the productivity and profitability of the organization.

Keywords: Social Exchange, Entrepreneur, Organization, Productivity, Profitability

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1. INTRODUCTION

There has been serious deterioration among various businesses in Nigerian organization, due to lack of adequate management of entrepreneur and others emotion positively to bring support, total commitment, solidarity, mutual benefits among the workers and customers in organization to fostering organization productivity. Emotion management is understood as the work undertaken to manage one's emotions in order to comply with social rules and display situation in an appropriate feeling (Hochschild, 1983). This facilitates an understanding of how entrepreneurs shape and are shaped by their experiences in terms of emotion. It is this 'doing' as an emotional-symbolic performance that this study is interested in. Drawing on George Herbert Mead (2005) a philosopher of the Chicago School of Sociology, this performance is one where entrepreneurs' management and display of feeling is conceived of as a symbol of the interaction with this symbol being drawn on by others in their interpretation of the situation. In this study this conjoint process were shared meaning emerges is understood through entrepreneurs' experiences, their interpretations of meaning and their performance (Blumer, 1969). Entrepreneurship, is defined as the creation of new ventures (Lumpkin & Dess, 1996), has not been subjected to an investigation focused on rendering emotional labour visible, yet there are researchers that note its importance (Goss, 2008).

Furthermore, Hochschild (1983) indicates that we need to explore various roles to understand how they manage their feelings when she notes that a personnel manager needs to know about feelings and manage these, whereas an advertising agent that deals with the public, and does so at a distance, does not need to manage feelings in the same way. First of all, this perspective opens the door to any number of jobs as long as there are implications for feelings. Secondly, and more importantly, it emphasizes the need to understand how individuals, entrepreneurs in this case, take account of expectations in managing their emotions. According to Goss (2008) entrepreneurs' management of emotion performance is at the heart of what entrepreneurs do, particularly as this has import for legitimating, where the entrepreneur gains social validation (Zimmerman & Zeitz, 2002).

The social exchange in this study describes the establishment and maintenance of good relationships between an entrepreneur and entire workers of the organizations. Therefore, the entrepreneur positive action on staff and customers within the organization will also bring about the positive response of the employees to make them absolutely committed and put in their best in their duties. Also, the positive reaction of entrepreneur in dealing with customers leads to high patronage in business organization that improves the business performance. Hence, there have been a number of challenges that have been identified to be the problem associated to the lack of increase and development of business performance in an organization which has led to an adverse on the effective productivity of the organization as it has been identified that lack of emotion management between entrepreneur, employees and customers that will bring good interpersonal relationship and joint support is the major factors responsible for such reduction in organizational productivity.

1.1 Objectives of the Study

- i. To investigate the effect of social exchanges of entrepreneurial emotion on organization productivity.
- ii. To examine the effect of social exchanges of entrepreneurial emotion on organization profitability.

1.2 Hypotheses of Study

Ho₁: Social exchanges of entrepreneurial emotion do not have any impact on the productivity of the organization.

Ho₂: Social exchanges of entrepreneurial emotion do not have any impact on the profitability of the organization.

2. LITERATURE REVIEW

2.1 Conceptual Clarification

2.1.1 Social Exchange

The Social exchange theory has served as a theoretical foundation to explain different situations in business practices, e.g. it contributes to the study of organization and stake holder relationships. According to Kipkebut (2010) investment serves to stabilize relationship and from this perspective, a customer becomes an investment, but if a customer decides to choose another competitor, then the investment is lost. Often organization try to salvage in relationship by investing additional resources into the relationship which put the benefit cost of the relationship out of balance and that over time leads to failure according to Lambe, Michael & Robert (2015), organizations evaluate economic and social outcomes from each transaction and compare them to what they feel they deserve. The initial transaction between companies is crucial to determine if the relationship will expand, remain the same, or dissolve. Model of Dynamics of Social Exchanges of Entrepreneurial Emotion on Business Performance.

The model on the next page (Fig. 1) explains how business performance depends on exchanges of entrepreneurial emotion. i.e. the way and manner through which workers and customers within the organization jointly or collectively worked together in achieving organization goals (productivity & profitability) if the entrepreneurial emotion drive them positively to discharge their duties diligently and effectively, the organizational profitability and productivity increases. It equally tells us that if the performance is low meaning that the agents of social exchanges and is not adequately taken care of such as motivation of workers, Interpersonal relation and other incentives need to be revisited and this will cause in an adverse effect on the profitability and profitability of the organization.

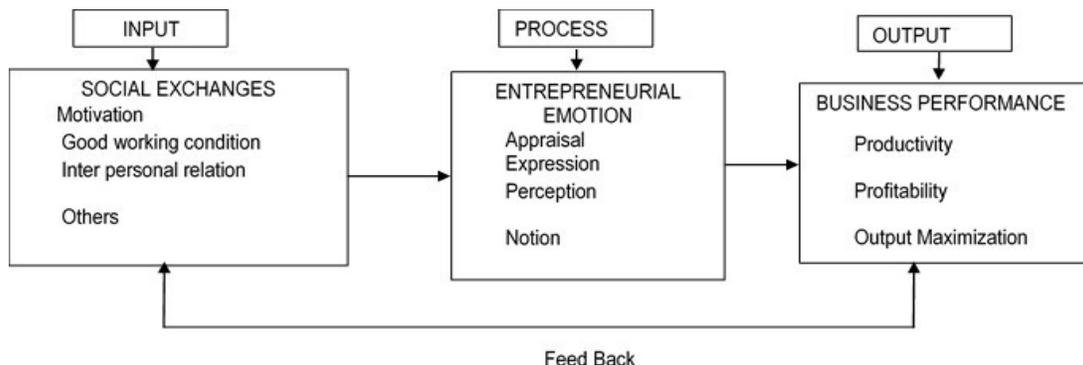


Fig. 1: Model of Dynamics of Social Exchanges of Entrepreneurial Emotion

2.1.2 Organizational Productivity

The word productivity first time appeared in literature in 1766. According to Sumanth (1990), the term productivity was probably first time used by French mathematician in an article in 1766. In 1883, another French man, Littré, defined productivity as the faculty to produce. Many organizations have defined productivity in different ways. Hereinafter, diverse meanings of productivity coined by different people and organizations in different periods will be presented. Sumanth (1990) has given a list of nine different organizations and people who have given definition of productivity. A list of different meanings has been prepared with the help of definitions proposed by Sumanth (1990), some more definitions have been added and eventually a conclusion is given based on research. Organization productivity is determined by a broad range of factors, some can be evaluated quantitatively, while others require a qualitative, analytical approach. When assessing productivity, it is important to fully understand each of the key drivers that impact productivity. In addition to evaluating each driver individually, it is necessary to determine how well these drivers work together and function as a whole. Changes to one driver might (and probably will) have an effect on others. Effective Assessment involves understanding how each driver contributes to overall productivity.

2.1.3 Organizational Profitability

The word profitability is composed of two words, namely, profit and ability. The term profit has been explained above and the term ability indicates the power of a business entity to earn profits. The ability of a concern also denotes its earning power or operating performance. The profitability may be defined as the ability of a given investment to earn a return from its use. Profitability is a relative concept whereas profit is an absolute connotation. Despite being closely related to and mutually interdependent, profit and profitability are two different concepts. In other words, in spite of their generic nature, each one of them has a distinct role in business. Nimalathasan (2009) mentioned that the organizational profitability is the primary objective of a business, which measures not only the success of a product, but also of the development of the market for it. Velnamby and Nimalathasan (2007) noticed the profitability will provide more accurate view of the firm's performance. Pandey (1979) indicated that recent experience in countries with totally planned economies indicated that economists are probably right in emphasizing the importance of overall profitability as a criterion for the efficient operation of an enterprise.

Despite being closely related to and mutually interdependent, profit and profitability are two different concepts. In other words, in spite of their generic nature, each one of them has a distinct role in business. As an absolute term, profit has no relevance to compare the efficiency of a business organization. A very high profit does not always indicate sound organizational efficiency and low profitability is not always a sign of organizational sickness. Therefore, it can be said that profit is not the prime variable on the basis of which the operational efficiency and financial efficiency of an organization can be compared. To measure the productivity of capital employed and to measure operational efficiency, profitability analysis is considered as one of the best techniques.

2.2 Theoretical Framework -Social Exchange Theory

John Thibaut and Harold Kelly have proposed a social exchange theory as a framework for thinking about social relationships (Thibaut & Kelly, 2012; Kelly & Thibaut, 2010). This theory emphasizes the independence of social relationships. It states that the quality of the outcomes experienced by two people engaged in a relationship depends on the behavior of both participants. Outcomes, the consequences of specific acts, are a joint function of the rewards experienced from a particular set of behaviors and the costs required to carry out those behaviors. By reward, Thibaut and Kelly mean any event that results in the experience of pleasure, satisfaction, or gratification. Costs or make more difficult the carrying out of a set of behaviors. The outcome from a particular set of behaviors is the result of the rewards from the behavior minus the costs required to carry it out.

In view of the above contributions of different scholars on the view of the model, it is now categorically stated that the strong connectivity agent of drive in an organization by forming good networking in the exchange and relation with the same goal as their mindset is a way to bring development to the organization.

2.3 Empirical Review

In a study by Hochschild (1983), articulated here contributes to the theory of emotional labour by bringing to the fore the differences in the emotion management of entrepreneur's performances. The analysis allows insight into effective performance where emotion is managed. It does however understand that interactions are arenas of tension and so, the analysis also provides insight into those conditions where there are lapses in performance.

Goffman (1969) conducted a study where he focused very much on face-to-face interaction, with little consideration of virtual interaction. He did however note that in virtual interactions impressions can be expressed. However, it is being put forward here that any recent study examining interaction in everyday life does need to consider the implications of on-line interaction. Interaction in virtual space is on the increase and is very much a part of everyday life, both in the social sphere and the business environment.

Another study in relation to Zimmerman & Zeitz (2002) opined that interaction in virtual space is on the increase and is very much a part of everyday life, both in the social sphere and the business environment. As such a further contribution addresses the call made by Zimmerman & Zeitz (2002). This study facilitates further understanding into entrepreneurs' awareness that legitimating plays a significant role in their performance and shows how they manage this through appropriate emotion management performances.

This research has investigated the nature of entrepreneurs' performance and why they perform in this particular way, the role of feeling rules in performance and emotion management, and the tensions that can occur. This study contributes to theory on both emotional labour and entrepreneurship by developing knowledge of these. This represents the dissemination of useful knowledge and as such contributes to the development of an agenda for future research in this area.

3. METHODOLOGY

This research made use of case study and survey analysis as descriptive survey research design was adopted in carrying out this study which enabled it gain an in-depth and a better understanding of the variables under study. The populations for the study consist of the entire staff of Lubcon Nigeria Limited, Ilorin, Kwara State. Random sampling techniques were used in administering questionnaires to the selected staff of Lubcon Nigeria Ltd, Ilorin. Primary and data were employed with the aid of structured questionnaire drawn on a likert scale format. Inferential statistics of multiple regression analysis was used to test the hypothesis at 5% level of significance.

4. RESULTS AND DISCUSSION

4.1 Test of hypothesis 1:

H_{01} : Social exchanges of entrepreneurial emotion do not have any impact on the productivity of the organization.

Table 1: Regression Model Summary of entrepreneurial emotion on the productivity of the organization

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.054	0.003	0.005	8.446

Predictor: Entrepreneurial Emotion

As shown in Table 1, the independent variable (Social exchanges of Entrepreneurial Emotion) yielded a coefficient of linear correlation (R) of 0.054 and linear correlation square (R^2) of 0.003. This shows that 0.3% ($R^2 = 0.003$) of the total variance in business performance of LUBCON in Ilorin head office was accounted for by the Social exchanges on Emotion of Entrepreneur. This implies that Social exchanges of Entrepreneurial Emotion explained 0.3% of the total variance on the productivity of LUBCON in Ilorin the head office of LUBCON in Nigeria.

Table 1: ANOVA Summary of entrepreneurial emotion on the productivity of the organization

Model	Sum of Square	df	Mean Squares	F	Sig.
Regression	136.712	1	45.571		
Residual	47371.115	49	133.065	0.342	0.020
Total	47507.827	52			

Dependent variable: Productivity of the organization

Predictor: (constant), Social Exchange of Entrepreneurial Emotion

The ANOVA model in Table 1 indicates the predictor's variable (Social exchanges of entrepreneurial emotion). The F-value is 0.342 with 1 and 49 degree of freedom at 0.05 critical level significance. Since the p-value of 0.020 is less than 0.05 level of significance, the null hypothesis is not retained. Therefore, the independent variable significantly predicted the dependent variable i.e. Social exchanges of entrepreneurial emotion significantly predicted business performance of the LUBCON in their main branch in Ilorin. ($F = 0.342, p < 0.05$).

Table 3: Relative Contributions of Independent Variable (Entrepreneurial Emotion) to Productivity of LUBCON main office in Ilorin

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	60.305	2.374		25.399	0.000
Entrepreneurial Emotion	0.485	0.571	0.064	0.153	0.000

Dependent Variable: Productivity

Predictor: (constant), Entrepreneurial Emotion

Table 3 shows that Social exchanges of Entrepreneurial Emotion is significant. Hence, Entrepreneurial Emotion significantly predicted Organizational Productivity. In terms of relative contribution, Social exchanges on Entrepreneurial Emotion have contributed 6.4% to the Business Performance in LUBCON main office. However, the "constant" with a t-value of 25.399 at $p < 0.05$ indicates that there are other variables which also contribute to business performance in LUBCON main office in Ilorin.

4.2 Test of hypothesis 2:

Ho₂: Social exchanges of entrepreneurial emotion does not have any impact on the profitability of the organization.

Table 4: Regression Model Summary of entrepreneurial emotion on profitability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.064	0.004	0.005	8.546

Predictor: Entrepreneurial Emotion

As shown in Table 4, the independent variable (Social exchanges of Entrepreneurial Emotion) yielded a coefficient of linear correlation (R) of 0.064 and linear correlation square (R²) of 0.004. This shows that 0.4% (R² = 0.004) of the total variance in staff productivity of LUBCON in Ilorin their head office was accounted for by the Social exchanges of Emotion of Entrepreneur. This implies that Social exchanges on Entrepreneurial Emotion explained 0.4% of the total variance on the profitability of LUBCON in Ilorin head office in Nigeria.

Table 5: ANOVA Summary of entrepreneurial emotion on business performance

Model	Sum of Square	df	Mean Squares	F	Sig.
Regression	146.712	1	55.571		
Residual	56371.115	49	113.065	0.442	0.031
Total	2207.827	52			

Dependent variable: Organizational Profitability

Predictor: (constant), Social Exchange of Entrepreneurial Emotion

The ANOVA model in Table 5 indicates the predictor's variable (Social exchanges of entrepreneurial emotion). The F-value is 0.442 with 1 and 49 degree of freedom at 0.05 critical level of significance. Since the p-value of 0.031 is less than 0.05 level of significance, the null hypothesis two is not retained. Therefore, the independent variable significantly predicted the dependent variable i.e. Social exchanges of entrepreneurial emotion significantly predicted Organizational productivity of the LUBCON in their main branch in Ilorin. (F= 0.442, p<0.05).

Table 6: Relative Contributions of Independent Variable (Entrepreneurial Emotion) to Organizational Profitability in LUBCON main office in Ilorin

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	56.305	2.474		36.459	0.000
Entrepreneurial Emotion	0.584	0.582	0.068	0.153	0.000

Dependent Variable: Organizational Profitability

Predictor: (constant), Entrepreneurial Emotion

Table 6 shows that Social exchanges of Entrepreneurial Emotion is significant. Hence, Entrepreneurial Emotion significantly predicted organizational profitability. In terms of relative contribution, Social exchanges of Entrepreneurial Emotion have contributed 6.8% to the Profitability in LUBCON main office. However, the "constant" with a t-value of 36.459 at p<0.05 indicates that there are other variables which also contribute to their Staff Productivity in LUBCON main office in Ilorin.

5. CONCLUSION AND RECOMMENDATIONS

The study concludes that social exchange of entrepreneurial emotion (motivation and interpersonal relation) had a positive effect on the productivity of LUBCON main office in Ilorin. And also, that the most effective factor on the productivity of the organization is employee's motivation and interpersonal relationship from management, customers and shareholders of the organization. The study also concludes that social exchange of entrepreneurial emotion (motivation and interpersonal relation) have a significant effect on the profitability of LUBCON main office in Ilorin. Motivation and Employees interpersonal relation had the most effect on the profitability and productivity of LUBCON main office, in Ilorin, Nigeria.

Firstly, it is recommended that interpersonal relations should be the focus of the organization so that the workers will relate well with others. The organization productivity is a collective responsibility of each worker in an organization. If such good relationship could be established, the organization productivity will be easily attained. Also, motivation is another factor that this study will recommend to allow for an increase on the profitability of the LUBCON main office, Ilorin as an adage says "an hungry man is an angry man" the workers need to be motivated for such workers to put in their best or to be total committed in his or her duty. If the motivation and other incentives of the worker put into consideration such as provision of salary increment, staff regular payment, staff loan, car loan, house loan to just mention view, these are provisional factors that enable workers to work in accordance with the lay down rules and regulations for the purpose of organization to be achieved so therefore, motivation has a positive effect on the profitability of LUBCON head office in Ilorin.

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