
Employee Engagement and Pricing Decision of Manufacturing Firms (Lagos State)

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Abstract: *This research aims to identify the employee engagement and pricing systems used by manufacturing companies. This study used primary data, and 185 questionnaires were distributed to and collected from the industrial companies. For data analysis, descriptive statistics, the T-test, and a linear regression model were used. Regression analysis and the homogenous Duncan test were employed to test the hypotheses. The outcome demonstrates that pricing selections at 4.58 averages and 4.36 customer profits are made mostly using costing information. 4.09 and 4.06 analysis activities and purchase decisions are two more helpful areas where cost information is employed. The value of 2.125e3 for the F-statistic and the 5 percent level of significance show that the industries differ significantly. The number of orders placed with the company and the length of time it takes to complete all orders have a negative impact on the total cost of overhead by 3.1 percent and 22 percent, respectively, whereas the number of product batches and the number of production pieces have a positive impact on the total cost of overhead by 91.5 percent and 21.1 percent, respectively. The study comes to the conclusion that factors such as the quantity of orders that manufacturing companies receive, the duration of total production, the size of product batches, and piecemeal production all have a substantial impact on overall overhead expenses.*

Keywords: *Price Decision, Employee Engagement, Overhead Costs, Manufacturing Companies, Cost Information.*

1. INTRODUCTION

The regular participation of staff in an organization in decisions making concerning their work, how it should be accomplished, offering ideas for work enhancement, planning, setting



work targets and supervising of work output is referred to as Involvement (Macleod and Brady, 2008). Institutions that value a culture and norms of involvement give emphasis to the participation of its stakeholders. The stakeholders in such firms will be highly concerned about institutions urgent interests and enhance the unity, in order to move organization forward and to quickly arrive at a compromise in any problem that may arise (Malinga, 2004).

One of the ways of enhancing the employees output through engagement in the institution's decision making to a reasonable extent is termed Involvement (Dobre, 2019; Manyonyi 2015). It is ideal not to include employees in organization confidential matters or decisions however they should be involved in other activities and institutional issues that will advances the course of organization. Such decisions, Manyonyi (2012) advises, should be made with the participation of the people they affect; this means consulting them or having a discussion in order to get their views and generate new ideas.

An institution with a culture that involves its staff members in participatory decision is always successful because the employees will own the decision, and, therefore, hold themselves responsible incase of any failure (Magolo *et al.*, 2019).When most important persons who are staff members are not consulted or involved in organization affairs, managers easily get swept away trying to find ways of solving the institutions problems in the boardroom (Sofijanovna and Zabijakin-Chatleska, 2013). However, the outcomes are amazing and exceptional when employees are consulted.

In organizations, as employees mature, they acquire more knowledge, internalize justification for their actions/inactions and are naturally motivated. As staff members are given power they are inspired to perform since there isn't anything holding them back as they appreciate the organizations expectation of them and are experienced in their roles. The more open the type of participative management, the more the staff members are given authority to make decisions concerning their spheres of influence (Tugume, 2015). Organizations begin the process of empowering their employees by shifting to more open forms of participative management. Kurstedt, Harold and Larry Mallak, (1996) assert that the degree of authority given to staff members in an institution is linked to the institutions culture.

Empowerment according to Mazaki (2015) is referred to as approach to management or leadership that empowers the employees as key players as further as organizational effectiveness is concerned. The empowerment process is held up by a well built culture in many ways. Institutions offer continuity and clarity once their cultures are well built regarding their missions, they minimize mixed signals due to low uncertainty in the sharing of information sending and receiving and management is united in their communication. Thirdly they have an essential core of steadiness which drives the basic process of making decisions in the entire institution (Onyango, 2014).

This essential core advances steadiness/consistency regarding the fundamental principles, yet allowing for personal explanations and replies for elements outside the central core. Fourthly, they assist employees build social capital founded on knowledge, reputation and network of associations. This social capital creates communiqués, confidence and offers the authority to cause things to happen free of formal designations and influence. Manyonyi (2012) stresses when institutions rightly pass on information to the staff members, they become attached to the institution. In turn the staff will desire to maximally perform for the institution not only aiming at their salary.



The kind of messages passed on to the staff members includes, the institutions strategy, including the planned growth/expansions, opportunities, problems or challenges, threats of the organization. Denison and Mishra, (2015) submit that involvement is concerned with the personal engagement of individuals in the organizations. This creates a feeling of possession and accountability as well as increasing capacity and autonomy (Imam, Muneer and Qadri, 2013)

The key to maximizing profit in every business is cost management that is effective and sales growth brought on by market dominance. Cost is increasingly a key consideration, making cost accounting a need for many organizations. An organization's cost accounting system is a valuable asset since it works to give management practices the data they need to make decisions. In order to align with the resources and capabilities at their disposal, it also plays crucial roles through an organization's integrated vision provision. Pricing decisions within a company have an immediate and direct impact on accruable revenue. Price and volume are the two factors that make up the equation for revenue, and choosing to focus on one will directly affect the other (Lane & Durden, 2013).

The current study focuses on pricing determination and cost accounting in manufacturing businesses.

1.1 Statement of the Problem

Low profit margins brought on by rising production costs and declining sales are the main obstacle to the growth and development of production companies. Manufacturing companies' incapacity to boost volume of earnings and sales is caused by a number of variables. Cost increases reflect a decline in growth prospects. Lynton-Edwards Securities said that the cost of production and other operating expenses in this economy are quite expensive (Mapakame, 2014). Sales volume and high manufacturing costs are reduced in certain industries due to decreased profitability.

The achievement of profits determined an organization's success. Profit is determined by cost realization and the degree of cost recovery. Therefore, it is important to determine the cost and controllability of them in the future. Engineers might use the cost of information when making decisions if the future cost will be present throughout the entire product development cycle. Therefore, it is crucial that cost estimation activities are incorporated into the process of product creation.

Furthermore, many production organizations' profitability have been impacted by some managers' careless handling of cost information. The costs incurred by the companies are added to their profits, both those that are justified and those that are not. The quality and quantity of the items, which are the main concerns of the consumer, are also impacted, as well as the growth and development of the businesses. There is a pressing requirement for an investigation system of accounting cost and decision of pricing determination towards the growth of numerous manufacturing businesses as part of efforts to end the aforementioned issues in manufacturing firms. The current work thus focuses on the pricing and cost accounting systems used by industrial enterprises.

1.2 Research Questions

To achieve the desired objectives, below questions were provided with clear answers.



- i. What are the adopted methods for determining a product's cost, issues with product costing, and methodology utilized by manufacturing companies to allocate overhead?
- ii. To what extent do manufacturing companies use and use accounting management procedures and costs?

1.3 Research Objectives

The main objective of this work is to assess the system of employee engagement and decision of price in production companies. The specific objectives of this study are to:

- i. Examine the approaches to product costing utilized, the issues with product costing, and the firms' use of overhead allocation.
- ii. Look at the management and cost accounting procedures used by manufacturing companies.

2. REVIEW OF LITERATURE

2.1 Review of Concept

2.1.1 Employee Involvement

Employee Involvement is the process that commits employees intellectually and physically to the course of the organization which can be judged or defined by three elements of behaviors - Say, Stay, and Strive (Hewitt, 2004). Employee involvement implies that all employees is regarded as a unique human being, not just a cog in a machine, and each employee is involved in organization activities in order to help firm meet its goals and target (Nwoko & Emerole, 2017).

A range of processes designed to engage the support, understanding and optimum contribution of all employees in an organization and their commitment to its objectives to enable them contribute to the continuous improvement and the ongoing success of their work is regarded as employee involvement (Nachiket, 2014). Agyeman (2012) sees employee involvement as a unique human being not just a part in a machine and each employee is involved in helping the organization meet its goals. He further explained that each employee's input is solicited and valued by his or her management. Employees and management recognize that each employee is involved in running the business.

2.1.2 Price decision making

The market's overall firm plan is taken into consideration while determining the pricing. They reflect on the structure of the corporate organization in which they are formed as well as the application of management policies and practices in order to attract customers (Foxall, 1980). The system of costs is the main information source used by firm management to make strategic decisions, particularly about pricing. Information that is not correct demonstrates that the decision was made with insufficient information and that the decision-making process is ongoing, as it was from the company's founding.

3. METHODOLOGY

3.1 Design of research

This study used a survey design since it was simple, straightforward, and practical to conduct using either interviews, questionnaires, or both.

3.3 Population of the study

This work is made up of twenty seven production and manufacturing firms.

3.4 Sample Size and Sampling Technique

In this investigation, sampling techniques that included stratified and simple random methods were used. A stratified sampling strategy was used to randomly choose 185 populations from among 343 populations (Table 1) (Table 2). Seven manufacturing companies that were given consideration were divided into seven groups to represent the research businesses that would administer the questionnaires (Table 2). For the purpose of this study, the population size was determined using the formula (Yamane's, 1967) as stated by Israel (1992).

$$n = \frac{N}{1 + N(e)^2}$$

n = Size of sample

N = Total Population

e = Significance level (95%)

Therefore,

$$n = 343 / 1 + 343 (0.05)^2$$

$$= 343 / 1 + 343 (0.0025)$$

$$= 343 / 1 + 0.8575$$

$$= 343 / 1.8575$$

$$= 184.66$$

Table 1: Estimation of Production firms Total Population

S/N	Manufacturing Company	Population
1	Jacio International Company	40
2	Maldini Granites and Marble Imports Limited	30
3	COHBS International	35
4	Auto Auction Mall	100
5	Giselle Homes Limited	70
6	GreenPower Overseas Limited	23
7	Olam Nigeria Limited	45
TOTAL		343

Source: Researcher's Survey, 2022

Table 2: Population of staff and Size of sample in production firms

S/N	Manufacturing Company	Total Population	Percentage	Number of Respondents
1	Jacio International	40	12	22

	Company			
2	Maldini Granites and Marble Imports Limited	30	9	17
3	COHBS International	35	10	18
4	Auto Auction Mall	100	29	54
5	Giselle Homes Limited	70	20	37
6	GreenPower Overseas Limited	23	7	13
7	Olam Nigeria Limited	45	13	24
TOTAL		343	100	185

Source: Researcher's Survey, 2022

3.5 Data Collection Method

In order to meet the goals of the study and help in answering the research question, this work utilized data from primary sources. The primary source of data was a questionnaire that was provided to and collected from a chosen group of employees at the seven generating organizations (Table 2)

3.6 Research Instruments

Questionnaire was adopted as instrument for research in this study in order to collect primary data.

3.6.1 Research Instrument Validity

An expert in the field was given a prepared questionnaire to evaluate the validity of the questions. This makes it easier to understand how thoroughly the necessary data was acquired. The necessary correction was made based on the advice of other researchers in the field.

3.6.2 Reliability of Research Instrument

This was guaranteed for the data gathered in order to address the study's issues. It was used to determine the reliability of the questionnaire to use Cronbach's alpha. Statements that satisfied internal measure consistency and had an alpha of at least 0.7 were taken into consideration for the study.

3.7 Instrument administration

The method of drop and pick was used for administered the questionnaires to the respondent.

3.8 Data Analysis Method

Tables were used to arrange and presented the data. Data were analyzed using statistics of description, T- test and regression of linear model. The research analysis adopted a descriptive statistic, T- test and linear regression model.

3.9 Model Specification

The general formula for the study model was as follows:

$$TOC = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + U$$

Where Toc = Total overhead costs

X1= orders number that enters production line

X2= products batch number

X3= pieces of manufactured products

X4= manufactured product in kilogramme

X5= time for total manufacturing of goods

4. RESULT AND DISCUSSION

4.1 Respondents Socioeconomic Characteristics

Detailed findings on socioeconomic characteristics of respondents are presented as follows:

Table 3 shows that 64.9 percent of those polled are men, while 35.1 percent are women. The majority of responders were between the ages of 31 and 40, according to the findings. This represents 65.4 percent of all respondents. The age bracket of 41 and up follows closely behind (22.2 percent). In manufacturing organizations, there are very few people over the age of 20. (12.4 percent). The majority of responders are still in their highly active/productive age categories, implying that they are still very active/productive. Table 3 demonstrates that the highest respondents are muslim (56.2 percent). According to the table, 80 percent of respondents are married, while only 14.1 percent are single. According to the findings, all of the respondents have either completed primary school or attended a post-secondary institution. The bulk of respondents having an HND are primarily the respondent's elderly family members.

Table 3: Socioeconomic Distribution of Respondents

Characteristics	Freq	%
Sex		
Male	120	64.9
Female	65	35.1
Total	185	100
Age		
20-30	23	12.4
31-40	121	65.4
41 and above	41	22.2
Total	185	100
Religion		
Christian	77	41.6
Islam	104	56.2
Others	4	2.2
Total	185	100
Marital Status		
Married	148	80.0
Single	26	14.1
Divorced	5	2.7
Widow	2	1.1
Widower	2	1.1

Missing	2	1.1
Total	185	100
Educational Status		
WAEC	23	12.4
OND	50	27.0
HND	73	39.5
BSc/B.Tech	33	17.8
MSc/PhD	4	2.2
Missing	2	1.1
Total	185	100

Source: Field Survey, 2022

Table 4: Duncan Homogenous Test

Industry classification	N	Alpha subset= 0.05				
		1	2	3	4	5
	19	7.66E7				
Jacio International Company	54		1.09E8			
COHBS International	13		1.15E8			
Auto Auction Mall	18			1.41E8		
Giselle Homes Limited	36			1.56E8		
Overseas Limited	24				3.99E8	
Olam Nigeria Limited	17					1.37E9
Sig.		1.000	.657	.281		1.000

Table 9 displays the perceived importance of management accounting practices utilized in corporate organizations on a Likert scale of 1 to 5 (Very significant). Table 9 lists the most crucial management accounting procedures as budgeting (4.51), targeted costing (4.05), responsibility accounting (4.05), performance measurement and evaluation (3.99), and quality cost reporting. (3.98).

Table 5: Perceived importance of practices management importance (Test value = 4.224)

	Mean	SD	t-test
Budgeting	4.51	0.823	5.244***
Planning and control	4.69	3.968	1.598

Cost volume profit analysis	4.27	0.855	0.978
Target costing	4.05	0.816	-3.162***
Quality cost reporting	3.98	0.863	-3.635***
Performance measurement and	3.99	0.856	-3.990***
Responsibility accounting	4.05	0.876	-2.899***
Standard costing and variance analysis	4.19	0.792	-0.776
Strategic planning	4.24	0.823	0.270
Transfer pricing	4.28	0.786	1.112

Source: Field Survey, 2022

4.4 Regression Analysis Model

Table 6 displays the correlation between total overhead costs and the number of orders in the production processing plant, the number of batches of the generated product, the number of pieces of the produced products, the weight of the produced goods, and the time needed to make a product. According to Table 10, the total number of orders in the production plant and the total amount of production time has a negative significant impact on total overhead costs of 3.1% and 22%, respectively, whereas the total number of product batches and production in pieces has a positive significant impact on total overhead costs of 91.5% and 21.18%, respectively. The regression equation that has been fitted is as follows:

$$TOC = -5.509E7 - 0.031X_1 + 0.915X_2 + 0.211X_3 - 0.220X_4$$

Where TOC = Total overhead costs

X_1 = Total orders number that entered production plant

X_2 = Produced products batch number

X_3 = Pieces of products produced during production

X_4 = Total period of production

Table 6: Coefficient Regression of Total overhead costs

Model	Below standard Coefficients		Standard Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-5.509E7	4.158E7		-1.325	.191
Total actual orders (in number) that enters the plant of manufacturing firms	-7247.563	3643.190	-.031	-1.989	.052
Batches number of produced products	1.220E7	411216.168	.915	29.680	.000
Produced goods in pieces	9979.707	3419.970	.211	2.918	.005
Produced product in kilogramme	-185.315	386.206	-.008	-.480	.633

Time of total production	-6860.677	2575.572	-.220	-2.664	.010
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a. Dependent Variable: Total overhead costs

Adjusted R² = 0.991

Table 7: Analysis of Variance of Total overhead costs

Model	Square Sum	df	Square of Mean	F	Sig.
Regression	1.925E19	5	3.850E18	1.133E3	.000
Residual	1.665E17	49	3.399E15		
Total	1.942E19	54			

Table 7 shows the variance analysis model for the table 10 results. The F-statistic is 1.133e3, which is significant at 1%. This indicates that the fitted model in the equation above is a fitted model.

5. CONCLUSION

Production complexity is a difficulty, and methods for allocating overhead costs include cost of direct labor, hourly direct labor costs, and production unit costs. Pricing selections are where costing information is most crucial. According to the study, a company's overall overhead expenses were significantly influenced by the quantity of orders in the production process, the length of time required for completion, the number of product batches, and the method of production.

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