DETERMINANTS OF ORGANIZATIONAL PERFORMANCE IN NIGERIA: EVIDENCE FROM SERVICE FIRMS

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ABSTRACT

This paper examined tacit knowledge, motivational incentives, participative leadership and workers competence as determinants of organizational performance in Nigeria. The examination is planned to identify the highest predicting variables of organizational performance. The study utilized questionnaire, which was administered to five hundred (500) employees of some selected service firms in Nigeria. Data obtained were analyzed using correlation and factor analyses. Findings indicated that tacit knowledge and participative leadership has the highest factors loading, hence both predict organizational performance compared to workers’ competence with the lowest factor loading. Given the correlation result, it was found that tacit knowledge and participative leadership contribute positively organizational performance. On the other hand, workers’ competence and motivational incentive negatively affect organizational performance. Based on the findings, it was recommended among others that since tacit knowledge predicts organizational performance, it should be properly managed taking into cognizance all the other factors such as motivational incentives, participative leadership and workers competence that tend to have any connection with management of tacit knowledge and organizational performance.

Contribution/Originality: This study documents that motivational incentives and participative leadership negatively affect the nexus of tacit knowledge and organizational performance while workers’ competence positively affects tacit knowledge and organizational performance. More so, the study uses a new estimation methodology in affirming the determinants of organizational performance, particularly in the Nigerian context.

1. INTRODUCTION

The competitive environment of business is made up of companies and forces, which interact with organisation and its industry directly. These forces in the views of Skyrme (2002); Phong, Hui, and Son (2018) includes motivational incentive, leadership style, interpersonal relationship, workers competence amid others. AlMulhim (2020) asserts that organization needs to create an enabling environment of business aimed at stimulating tacit knowledge so as to bangs on issues such as innovation and effectiveness, which will in turn lead to augmented organizational performance. Alluding to the views above, Castaneda and Cuellar (2020); Haradhan (2016) opined that innovation and leadership style are among the most vital organizational capacities needed to attain and sustain competitive advantage and organizational performance.

Wilson (2002); Kipkosgei, Kang, and Choi (2020) believed that once the enabling environment is created, the next step is how to encourage people to share the knowledge with the intended recipients; perhaps, this is where
motivational incentives, workers' competence, leadership styles amongst others come into play. Gourlay (2002) opined that tacit knowledge can be transferred via conversation. This view is in agreement with the personalization strategy identified by Armstrong (2001) as one of the main strategies that can be adopted in management of knowledge in an organization. The personalization strategy is a situation whereby knowledge is closely tied to the person who has developed it and is shared mainly via direct person-to-person contact.

Remarkably, numerous studies (see (AlMulhim, 2020; Andrews & Smits, 2018; Castaneda & Cuellar, 2020; Gourlay, 2002; Haradhan, 2016; Huie, Cassaberry, & Rivera, 2020; Muthuveloo, Shanmugam, & Teoh, 2017; Phong et al., 2018)) have shown that tacit knowledge predicts organizational performance; interestingly, there is still a lacuna in the Nigerian context on whether tacit knowledge, motivational incentives, participative leadership and workers' competence predicts organizational performance. The few studies indicating a significant mediating impact of workers' competence in the relationship with tacit knowledge, motivational incentives, participative leadership and organizational performance (De-Gaus, 1998; Garratt, 1990) as cited in Emiri (2011); Cerne, Nerstad, Dysvik, and Škerlavaj (2014) were carried out in other countries.

In light of the above, tacit knowledge and other forces(e.g. motivational incentive, leadership style, interpersonal relationship, workers' competence) which interact with organization is very vital and significant. Consequently, this paper examines tacit knowledge and organizational performance nexus of service firms with the moderating effects of motivational incentive, participative leadership and worker's competence in Nigeria. The remaining part of this paper is sectioned as follows: Review of Related Literature, Methods, Results and Discussions, Conclusion and Recommendations.

2. REVIEW OF RELATED LITERATURE

2.1. Concept of Tacit Knowledge

In economic life, knowledge is the most fundamental dynamic (Stewart, 1997) given that an organization's competitive advantage largely depends on its knowledge, or to be slightly more specific, on what it knows, how it uses what it knows, and how fast it can know something new (Al Mulhim, 2017; Cerne et al., 2014; Gomes & Wojahn, 2017; Prusack, 1997). Knowledge comprises of both implicit (tacit) and explicit components; notable, both tacit and explicit components have been widely discussed in literature (AlMulhim, 2020; Andrews & Smits, 2018; Castaneda & Cuellar, 2020; Huie et al., 2020; López-Cabarros, Srinivasan, Göttling-Oliveira-Monteiro, & Vázquez-Rodríguez, 2019; Muthuveloo et al., 2017; Phong et al., 2018; Song, Li, & Zhao, 2019).

Hodgkin (1991) and Haradhan (2016) see tacit knowledge as encompassing a variety of conceptual and sensory information and images that can be brought to bear in an attempt to make sense of something. Notably, Nonaka (1994) believes that tacit knowledge is an acquaintance unarticulated or unstructured in nature but rooted in action, experience and involvement in a specific context. Thus, tacit knowledge is hard to catalogue, highly experimental, difficult to document and diffuse, and un-codified (Castaneda & Cuellar, 2020; Podrug, Filipovic, & Kovac, 2017). Tacit knowledge is not easily shared since it consists of habits and cultures that we do not recognize in us.

In the field of knowledge management, content of tacit knowledge refers to the type of knowledge which is only known by an individual and this is a culture and is difficult to share with people not embedded in that culture (Odiri, 2016a).

Tacit knowledge has been described as "know-how" (as opposed to 'know-what' facts), "know-how" (science), and "know-who" (networking) (Odiri, 2016a, 2016b; Skyrme, 2002; Tsoukas, 2003). As a result of the constantly changing environment of business coupled with the pressure for growth and survival being faced by corporate organization, there is an urgent need for organizations to move towards a knowledge-driven business paradigm that is capable of driving organizational performance.
2.2. Motivational Incentives

A motive is an inner state that energizes activities or moves (hence motivational) and that directs or channels behaviour towards goals. In other words, motivation is a broad term that applies to all forms of drives, needs, desires as well as similar forces for individuals. Managers use motivational incentives to energize employees to act in a desired manner (Bevelson & Steiner, 1964; Cerne et al., 2014; Huie et al., 2020). Basically, human motives are centered on needs whether felt consciously or unconsciously and these needs may be primary (physiological needs for water, air, food, sex, sleep, and shelter). Also, these needs could be secondary (self-esteem, status, affiliation with others, affection, giving, accomplishment and self-assertion) (Odiri, 2016b). All these needs vary in intensity and over time with various individuals.

Availability of these primary and secondary needs have direct impact or influence on employees and his output (Huie et al., 2020). Provision of these needs by organization will induce employees to positively contribute towards the growth and overall development and survival of the organization. Workers within the organization will be happy to leverage their knowledge to others once they are satisfied and it is only when such an employee is happy with such an organization that he will be happy to leverage his knowledge for use by others within the organization.

2.3. Participative Leadership

Leadership is simply defined as the art or process of influencing individuals such that they strive willingly in relation to realizing group goals. This implies not only the willingness to work but also willingness to work with zeal and confidence. Zeal reflects ardor, earnestness, and intensity in the execution of work while confidence reflects experience and technical ability; hence, to lead is to guide, conduct, and direct. Leaders act to assist realize group objectives with maximum application of its capabilities; moreover, leaders do not queue behind the group to drive them. Leaders place themselves before group as they accelerate progress and stimulate group to realize the goals of the organization. Broadly speaking, leaders are seen as applying three basic styles; viz the autocratic leader, the democratic leader (participative leadership), and thirdly a leader who is referred to as ‘free-rein’ (Donate & de Pablo, 2015; Kremer, Villamor, & Aguinis, 2019).

The autocratic leader according to Odiri (2016a) is one who commands and expects compliance at all times; he is dogmatic and positive, he leads by the ability to withhold or give rewards and punishment. Participative leader (democratic) is one who consults with subordinates on proposed actions and decisions; he is that type of leader that encourages participation of subordinates. Participative leadership is perceived to be on the spectrum ranging from those that not take actions without subordinates’ concurrence to those who make decisions but consult with subordinates before they do so. Free-rein leader is one who uses his/her power very little and to some extent, accord subordinates some degrees of independence. This leadership style depend largely on subordinates to set their own goals and means of achieving them (Akinyemi, 2007; Odiri, 2016a).

In this regards, knowledge can only be used, reused and applied when shared across the organization (AlMulhim, 2020; Andrews & Smits, 2018; Castaneda & Cuellar, 2020; López-Cabarcos et al., 2019). Knowledge can only be shared when it is made explicit and it can only be made explicit when it is captured (Huie et al., 2020; Muthuveloo et al., 2017). It is undoubtedly cumbersome to capture the knowledge (intellectual) in individual’s head; rather, you cannot force people to divulge all their secrets or make the intellectuals to write down all that they know. Leveraging this knowledge, especially, tacit largely depends on how an individual possessing this knowledge is managed and managing the individual is the responsibility of the leader. Hence, participative leader always get ideas and opinions from subordinates and constructively use them so as to enhance organizational performance (Odiri, 2016a).
2.4. Workers Competence

In large and small organizations, tacit knowledge is mediated via the help of workers competence (Odiri, 2016a). Quite a number of studies have shown that workers competence moderates tacit knowledge and organizational performance (Castaneda & Cuellar, 2020; De-Gaus, 1998; Emiri, 2011; Garratt, 1990). According to Emiri (2011); AlMulhim (2020) there is little doubt that both organization and individual competence resulting from learning are linked with organizational performance. Learning provides the suitable skills and mindset to fit into an economy where things happen faster than before and where talents such as communication, creativity and artificial thinking will improve efficiency and effectiveness.

In the views of Garratt (1990); Castaneda and Cuellar (2020) for business to survive, extent of learning (workers competence) must be greater than or equal to the extent of change which it faces. In the organization under study, so much money is presumed to be spent on training of employees in order to improve on their job performance. Despite this huge amount spent on training, this inverse or negative relationship as revealed in prior studies tend to indicate that some of these trainings are actually not well targeted towards meeting with the changes being faced in the service sector in Nigeria.

2.5. Organizational Performance

In contemporary society, organizational performance had been a vital focal point for implementing measures aimed at ensuing competitiveness and sustainability (Muthuveloo et al., 2017). In the past, performance seems to be measured in terms of individual motivation and individual performance; increasingly, the focus has drifted to emphasize performance of the organization as a whole (Odiri, 2016a, 2016b); performance variations are the result not of the individual differences, but of the systems that are implemented and controlled by managers – factors that are outside the control of the individual (Odiri, 2016b; Storey, 2001). Despite the fact that we do not fully agree on individual performance viewpoint, we must recognize the importance of the systems process and culture as critical perspective for ultimate organizational performance.

Organizational performance comprises actual output of an organization as measured against intended output (or goals and objectives) (Odiri, 2016a, 2016b). Organizational performance relates to factor like increasing profitability, improved service delivery, obtaining the best results in important areas of organizational activities (AlMulhim, 2020). In recent times, numerous organizations have attempted to manage their performance using balanced scorecard approach where performance is assessed in multiple dimensions via financial performance (e.g. shareholder returns), customer service, social responsibility (corporate citizenship community outreach), employee stewardship among others.

The measures of performance selected in these studies are invariably those relating to financial performance and productivity. Broadly, performance measures can be categorized as human resources (turnover being the only employee measure), organizational productivity (quality, customers’ satisfaction), financial accounting (return on assets) and financial markets (difference between the market and book value of firm’s assets). AlMulhim (2020); Huie et al. (2020) believed that organizational performance can be improved by effective knowledge management.

2.6. Theoretical Underpinning

The theoretical framework of this paper is anchored on the Knowledge Management Cycle (KMC) developed by Plass and Salisbury (2002). KMC is connected with the creation, preservation and dissemination of knowledge among the individuals that make up the entire organization. Hence, KMC advocates that for knowledge to be used, it has to be created first, stored in the mind of individuals who created it and transferring it to some other persons. This is as depicted hereunder.
According to Plass and Salisbury (2002) in order to develop a comprehensive system which supports all the phases of KMC requires that the resulting system must not only be a technological solution but an organizational one as well. While the growth and sharing of knowledge is recognized as one of the most fundamental elements in becoming a learning organization (Easterby-Smith, 1997; Marsick & Watkins, 1994). The KMC theory is connected to this study given the fact that organizations need to create, preserve and disseminate knowledge for its continuity, survival and growth. Thus, to do this, organizations need to put into consideration, certain forces such as motivational incentives, leadership style, workers competence etc. that may have the tendency to moderate the way organizations create, preserve and disseminate knowledge so as to enhance its performance. Perhaps, this clearly showcases how these forces inter-alia moderate tacit knowledge and organizational performance.

Prior researches (AlMulhim, 2020; Andrews & Smits, 2018; Haradhan, 2016; Huie et al., 2020; Muthuveloo et al., 2017) suggest that there is a significant relationship between tacit knowledge and organizational performance. Also, a study (Cerne et al., 2014) indicates that there exist, a significant link between motivational incentives, workers competence and organizational performance. This view is supported by Garratt (1990); De-Gaus (1998) that workers competences are associated with organizational performance. In area of leadership style with emphasis on participative leadership style, we strongly believe that participative leadership style produces the best result especially when the participative group managers have complete trust and confidence in subordinates.

3. METHODS

In this paper, the survey research design was employed and questionnaire was the major instrument of data collection. This design was adopted given the fact that the study is geared towards observing what is happening to sample subjects or variables without any attempt to manipulate or control them. The study population consists of service firms quoted on the Nigerian Stock Exchange (NSE). In view of the enormous size of employees in the service industry, a convenience sample of five hundred (500) employees of some selected service firms (via proportional representation) was obtained. Hence, the unit of analysis is employees of the selected service firms publicly quoted on the NSE.

The sample size exceeds 10% and this implies that it can be utilized for a study as justified by Fisher (1924), which recommended that for a scientific research of this nature ten percent sample size is considered adequate. The dependent variable of the study is organizational performance while independent variables, tacit knowledge, motivational incentives, participative leadership and workers competences; the purpose of which is to assess the
factor (tacit knowledge, motivational incentives, participative leadership and workers competences) that predicts organizational performance.

Organizational performance, tacit knowledge, motivational incentives, participative leadership and workers’ competence scales had a total of twenty-five (25) items. The questionnaire on organizational performance, tacit knowledge, motivational incentives, participative leadership and workers’ competence were designed on a 5-point Likert scale of strongly agree, agree, disagree, strongly disagree and undecided. In order to assess the reliability of the research instrument, a test-retest method was adopted; in this regard, research instrument was administered to thirty (30) respondents who are employees of some selected firms publicly quoted on the NSE.

The results of test-retest was correlated using Cronbach Alpha Reliability Testing; this gave an aggregate Cronbach Alpha of r=0.830, p<0.05. This indicates that the research instrument items have good reliability for this study. The data obtained were analyzed using both correlation and factor analyses. The factors are tacit knowledge, motivational incentives, participative leadership and workers’ competence as determinants of organizational performance. The statistical analysis was done via STATA 13.0 version.

4. RESULTS

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Correlation Zero-Order</th>
<th>Coefficient Partial</th>
<th>Part Correlation</th>
<th>Colinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tacit Knowledge</td>
<td>0.470</td>
<td>0.471</td>
<td>0.469</td>
<td>0.999</td>
</tr>
<tr>
<td>Motivational Incentives</td>
<td>-0.003</td>
<td>-0.006</td>
<td>-0.005</td>
<td>0.990</td>
</tr>
<tr>
<td>Participative Leadership</td>
<td>0.002</td>
<td>0.007</td>
<td>0.006</td>
<td>0.993</td>
</tr>
<tr>
<td>Workers Competence</td>
<td>-0.105</td>
<td>-0.108</td>
<td>-0.096</td>
<td>0.994</td>
</tr>
</tbody>
</table>

As seen in the above table the zero-order coefficients are indicators of the bivariate correlations of tacit knowledge, motivational incentives, participative leadership, workers competence and organizational performance. The partial correlation shows the strength of correlation between tacit knowledge, motivational incentive, workers competence, participative leadership and organizational performance. The partial coefficient value of -.006, -.007 and -.108 are clear indications that there is positive relationship between tacit knowledge, participation leadership and organizational performance while negative relationship exist between motivational incentives, workers competence and organizational performance. This implies that the independent variables exhibit an inverse (positive and negative) relationship with organizational performance; however, none of the correlation coefficients exceed 0.8, as suggested by Okoro and Egberi (2019); Okoro. and Egbunike (2016) cited in Okoro and Egbunike (2017).

Furthermore, the results of the diagnosis statistics of .999, .993 and .994 with Variance Inflation Factor (VIF) of 1.010, 1.007, and 1.006 are clear indications that there is the absence of multicollinearity problems among pairs of independent variables of the study (tacit knowledge, motivational incentive, worker competence, participative leadership). Consequently tacit knowledge, motivational incentive, workers competence, participative leadership constitutes a good model for explaining organizational performance.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Factor-1</th>
<th>Factor-2</th>
<th>Factor-3</th>
<th>Factor-4</th>
<th>Factor-5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eigenvalue</td>
<td>0.57437</td>
<td>0.51811</td>
<td>0.59151</td>
<td>-0.13146</td>
<td>-0.30347</td>
</tr>
</tbody>
</table>

The factor analysis indicates the strongly linked elements for considering the factors predicting organizational performance. In this study, there were 5 variables found with their eigenvalues as shown in Table 2. From Table 2, the first 3 factors (factor-1, factor-2 & factor-3) were found by using eigenvalue greater than one rule. These 3 factors with the factor loading of 0.5 and above have been selected based on the suggestions of Hair, Anderson,
Tatham, and Black (1998), stating that factor loadings above 0.5 are very significant to establish the minimum loading necessary to constitute an item.

Table 3. Factor loading estimates.

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Variables</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organizational</td>
<td>0.2082</td>
<td>0.3586</td>
<td>-0.0619</td>
</tr>
<tr>
<td></td>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Tacit Knowledge</td>
<td>0.4144</td>
<td>0.007</td>
<td>-0.1886</td>
</tr>
<tr>
<td>3</td>
<td>Motivational Incentives</td>
<td>0.3948</td>
<td>-0.0635</td>
<td>0.0686</td>
</tr>
<tr>
<td>4</td>
<td>Participative</td>
<td>0.3901</td>
<td>-0.2556</td>
<td>0.0391</td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Workers' Competencies</td>
<td>0.227</td>
<td>0.1731</td>
<td>0.2142</td>
</tr>
</tbody>
</table>

Table 3 captures the factor loading estimates and it can be seen that five (5) variables are strongly interrelated with some specific factors. Fundamentally, it indicates the extent to which those variables load on the factors.

Table 4. Measuring Commonality.

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Variables</th>
<th>Uniqueness</th>
<th>Commonality</th>
<th>Uniqueness</th>
<th>Commonality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organizational</td>
<td>0.8242</td>
<td>0.1758</td>
<td>= 18%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Tacit Knowledge</td>
<td>0.7929</td>
<td>0.2071</td>
<td>= 21%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Motivational Incentives</td>
<td>0.8354</td>
<td>0.1646</td>
<td>= 17%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Participative</td>
<td>0.7908</td>
<td>0.2092</td>
<td>= 21%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Workers' Competencies</td>
<td>0.8726</td>
<td>0.1274</td>
<td>= 13%</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows how much a single variable has in common with all the factors. Besides, it reveals the percentage of a variable's variation that is explained by the factors. Practically, a relatively high commonality value implies that a variable has much in common with the other variables taken together. On the contrary, a relatively low commonality suggests that the variable does not sustain an established nexus with the other variables. The result suggests that tacit knowledge (21%) and participative leadership (21%) are the highest commonality factors while workers' competencies (13%) has the lowest commonality variable predicting organizational performance in Nigeria.

Table 5. Explained Variance.

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Factors</th>
<th>Proportion</th>
<th>Explained Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Factor 1</td>
<td>0.2791</td>
<td>0.9686</td>
</tr>
<tr>
<td>2</td>
<td>Factor 2</td>
<td>0.4857</td>
<td>or</td>
</tr>
<tr>
<td>3</td>
<td>Factor 3</td>
<td>0.2038</td>
<td>97%</td>
</tr>
</tbody>
</table>

From Table 5, it can be seen that factor-1, factor-2 and factor-3 have been explained 97% of the total variance; hence the model of tacit knowledge, motivational incentive, workers' competence, participative leadership and organizational performance provides a good fit to the data. Overall, the study revealed that tacit knowledge, motivational incentive, workers' competence, and participative leadership predicts organizational performance of service firms publicly quoted on the Nigerian Stock Exchange.

5. DISCUSSIONS

This research developed an empirical basis for assessing the determinants of organizational performance and to study the factors with the most predictive ability or determinants of organizational performance. Results show that tacit knowledge and participative leadership predict the performance of organizations compared to other determinants like workers' competence and motivational incentives (i.e., the greater tacit knowledge sharing and participative leadership within the organization are, the more improved organizational performance would be); this implies effective knowledge sharing and the use of participation leadership style in the organization.
Consequently, our empirical model involving tacit knowledge, participative leadership, workers’ competence and motivation incentives have been shown to be strongly linked to organizational performance, due to the explained variance of 97 per cent (Table 5). The research established that workers’ competence has the lowest predictive ability of organizational performance; reason being that service firms in Nigeria does not emphasize the competencies and skills of employees during recruitment and selection process, since they believe that all employees can fit-in most jobs assigned by management.

Furthermore, we also looked at the signs of the correlation between the dependent (organizational performance) and independent (tacit knowledge, participative leadership, workers’ competence, and motivational incentives) variables. The results demonstrate that tacit knowledge as well as participative leadership contributes positively to organizational performance. Our result corroborates in part with prior studies (AlMulhim, 2020; Andrews & Smits, 2018; Castaneda & Cuellar, 2020; Kipkosgei et al., 2020; Muthuveloo et al., 2017) who posited that tacit knowledge and leadership styles are of fundamental import to creating competitive advantages that result in improved corporate performance. Nevertheless, these results do not agree with the research of De-Gaus (1998); Emiri (2011); Cerne et al. (2014) who found no substantial effects of tacit knowledge and leadership style on organizational performance.

Contrarily, the study found workers’ competence and motivational incentives to negatively affect organizational performance. This result seems novel in management literature, as there are no studies that have established whether workers’ competence and motivational incentives predicts organizational performance; hence, our study is among the first to establish that workers’ competence, motivational incentive negatively affect organizational performance. These findings lead in diverse ways to the development of scientific management literature. Our findings add to empirical evidence of the composite predictive ability of tacit knowledge, workers’ competence participative leadership, and motivational incentives on organizational performance. It may also be vital that service organizations have tacit knowledge management, leadership and motivational systems that permit them to predict and flexibly face changes in a highly volatile competitive business environment.

6. CONCLUSION AND RECOMMENDATIONS

This paper examined tacit knowledge, motivational incentives, participative leadership and workers competence as determinants of organizational performance in Nigeria. The examination is planned to identify the predicting factors (highest and lowest) of organizational performance. The study used questionnaire administered to five hundred (500) employees of selected service firms publicly quoted on the NSE. Data obtained were analyzed using correlation and factor analyses and findings revealed that tacit knowledge and participative leadership has the highest factors predicting organizational performance compared to workers’ competence with lowest factor loading.

Given the correlation result, it was found that motivational incentives and participative leadership contributes negatively to the nexus of tacit knowledge and organizational performance. Contrarily, workers’ competence positively affects tacit knowledge and organizational performance of service firms in Nigeria. On the basis of the findings, it was recommended that since tacit knowledge predicts organizational performance, it should be properly managed taking into cognizance all the factors like motivational incentives, participative leadership and workers competence that tend to have connections with the management of tacit knowledge and improvement in organizational performance.

Furthermore, efforts should be made on the part of these organizations to review their motivational incentives in such a way as to contribute positively towards the relationship of tacit knowledge and organizational performance. This is because when employees are happy working together that knowledge sharing and transfer can be made possible. In addition, the leadership style should be reviewed; even when participative leadership style is considered as the best in contemporary organizations, it is alarming to note that the contrary appears to be the case.
in the studied organizations. This calls for a proper review; finally, there should be a thorough review of the training process, programme and needs of the organization in order to enhance organizational performance.

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