EFFECT OF HUMAN RESOURCES MANAGEMENT ON EMPLOYEES' PERFORMANCE OF MANUFACTURING SECTOR IN NIGERIA

Ayodeji Muyideen AWOLAJA

ABSTRACT

Employees of an organization are propelled and committed to organizational work based on certain organizational rationalities. For employees' performance to be optimal, effective and efficient human resources management (HRM) must be in place. This study, therefore, examined the effect of HRM on employee performance of manufacturing company in Nigeria. Data for the study were obtained from a structured questionnaire administered among 2 sectors (consumer and industrial goods) of the manufacturing industries in Nigeria. For consumer goods, Unilever Nigeria Plc and Nestle Nigeria Plc. were selected while for industrial goods, Triple GEE and Company; and Dangote Cement Plc. were selected. Pearson product correlation and multiple regression analysis of ordinary least square were the estimation techniques employed. The results indicated that occupational health and safety, recruitment and selection and training and development exhibited a significant positive effect on the employees' performance of the manufacturing company in Nigeria. It was therefore, recommended that organisation that aimed at improving performance should put in place requisite HRM practices as it has a direct correlation with achieving the overall performance of the organisation.

Keywords: Employee Performance, Human Resources management Practices, Occupational Health and Safety, Recruitment and Selection and Training and Development

1.0   INTRODUCTION

The human resources (HR) in an organization are employees and are the most essential asset; hence, organisation survival and growth rest on how well the employees are committed to improving the performance of an organisation. Performance according to Mbamalu and Ewuim (2021) is relatively often propelled by some fundamental factors such as skills and knowledge acquired, experience, job satisfaction, health and safety measure put in place, conducive working environment, the reward system carried out among others. For an effective workforce and high performance, human resources management (HRM) should be appropriately employed (Onikoyi *et al.*, 2022). Cropanzano *et al.* (2016), noted that organisation gains a competitive advantage and reaches its corporate goals based on its ability to harness and employed the values offered by

human resources. The quality of human resources put in place, therefore, is synonymous with organisation performance.

HRM involves managing and analysing the human resource needs of an organisation to ensure the satisfaction of strategic objectives (Da Silva *et al.*, 2020). It entails the process carried out in an organisation to develop and evaluate policies, methods, procedures, and programs concerning employment, maintenance, motivation, and managing people in an organisation. According to Onikoyi *et al.* (2022) the practice and policies of HR in any organisation aimed at what is referred to as proximal or employee outcomes (employee competence, commitment, motivation, and job satisfaction) with the expectation that it would translate into distal outcomes (profit improvement, innovation, environmental, sales, and sustainability). Armstrong (2016) sees HRM as a set of policies and practices created to safeguard organizational integration, flexibility, employee commitment, harmonious workplace, and ensure the quality of work. It covers activities such as human capital management, human resource planning, corporate social responsibility, recruitment, selection, training and development, performance management, reward management, employee relations, health safety, employee well-being, and job security of the employee.

Employee performance entails task accomplishment and it involves the use of experiences, knowledge, skills, and the capacity to effectively and efficiently carry out the assigned task required by the organization (Mbamalu & Ewuim, 2021). It explains the ability of an employee to produce a task result in quantity and quality and measured against work standards. The manufacturing sector is one of the sectors of the economy that contributes in no small measure to employment generation and its impact on the overall economic growth cannot be undermined. Despite the significance of HRM in any organization, the concern has been whether manufacturing industries in developing economies like Nigeria give adequate attention compare to what other advanced nations of the world are experiencing. In the same vein, several factors of HRM have been identified but this study focused on three vital HRM practices (occupational health and safety, recruitment and selection, and training and development) of an organization to exact their influence on employee performance.

Most of the studies on HRM focused mostly on human resources management as it affects organisational performance (Bem *et al.*, 2022; Garengo *et al.*, 2021). Bearing in mind that organisation tasks are carried out by personnel often described as employees of the organisation.

It becomes vital to know the HRM factors that motivate them to improve their performance. More so, few that worked on HRM and employees' performance employed descriptive, percentages, and Chi-square estimation techniques (Mahmood *et al.*, 2021; Nori, 2018; Onikoyi *et al.*, 2022). This study examined the relationship between human resources management on employee performance among selected manufacturing sectors in Nigeria.

2   LITERATURE REVIEW

2.1.1   Human Resource Management (HRM)

Human Resource Management (HRM) has been defined by Onikoyi *et al.* (2022) as the internal strategic policies designed by the firm's management to ensure that human capital within the organization maximally contributes toward organizational objectives. In line with Bem *et al.* (2022), HRM is a set of practices employed to manage the human resources operating within an organization to achieve firm-specific competencies and to gain better competitive advantages. HRM is a system designed to retain, attract, develop, and motivate employees towards organisational survival and implementation of its policies. It aimed at getting the best from the available human capital. Shaukat *et al.* (2015) described HRM as the activities meant to control a group of human resources and ensured the judicious use of the resources towards attaining certain organizational goals. Mohamed (2014) sees human resource practice as the tools employed in an organization to retain and attract the most talented employees to achieve organizational goals.

2.1.2   Occupation Health and Safety

Creating a harmonious working environment conducive and safe for the employee has been recognised to have a direct relationship with employees' performance (Jonathan & Mbogo, 2016). Garcia-Herrero *et al.* (2012) noted that work safety entails providing safe working conditions which will be free of any risk capable of jeopardizing or reducing their effectiveness at work. Health and safety create conditions, habits, and capabilities that enable the worker to carry out their work more efficiently in such manner and avoid events that could cause them harm in the organisation (Izuogu & Onyekwere, 2019). Therefore, safe working conditions affect the habits of workers, which in turn translates to increased performance.

2.1.3   Recruitment and Selection

Recruitment and selection are two interrelated concepts that are most applicable when an organization decides to employ people for a vacant position. Recruitment is the act of seeking and inviting a pool of people from which candidates qualified for job vacancies can be chosen. On the other hand, selection involves the process of choosing an individual that can brilliantly perform the task from the pool of qualified candidates (Nori, 2018). If recruitment and selection are properly done, employees' performance towards organisation objectives is inevitable

2.1.4   Training and Developments

In line with the work of Armstrong (2006), training is a systematic method often employed by employees to gain specific skills and knowledge to effectively achieve organizational tasks. In other words, it refers to the learning process meant to acquire knowledge, skills, and concepts relevant to the accomplishment of organizational tasks and to achieve better performance (Hassan, 2016).

2.1.5   Employee Performance

Da Silva *et al.* (2020) defined employee performance in line with individual competency displayed in its field, tasks that support the organization, and its potential in adjusting to organizational demand. This explains employees' productivity or output which defined its development. Performance according to Koopsman (2014) is classified based on task, contextual, adaptive, and counter-productive work behaviour. As described by Mohammad *et al.* (2014 employee performance involves the use of skills, knowledge, experience, and abilities to effectively perform the mission set by the manager.

2.2 Theoretical Framework

In literature, several theories such as the two-factor theory, human capital theory, the contingent theory, ability, motivation and opportunity (AMO) theory, and expectancy-value theory among others have been documented to explain the relationship between HRM and the performance of employees in an organization. However, this study dwells more on the social exchange theory initiated in the work of George Homans (1961) in Onikoyi *et al.* (2022) and the resource-based view theory propounded by Wernerfelt (1984).

2.2.1 Social Exchange Theory

The theory believed that social behaviour is the propeller of the exchange process. The theory holds that social relationship holds when the risk attached is lesser than its benefits. In a situation where the risk of a social relationship exceeds the potential benefits, such a relationship will not last or not hold. In line with the work of Roeckelein (2018) obligations are generated via parties' interactions with one another in a state of reciprocal interdependence. The theory believes that when an organisation invests in its employees, the employees, in turn, will use the experience and knowledge gained to increase the performance of such an organization. It shows that when inducements such as training and development, health facilities, improved working conditions, and other pecuniary and non-pecuniary benefits are provided, employees respond through increased commitment which will translate into improved organization performance. However, this theory received criticism from Cropanzano *et al.* (2016) that it lacks theoretical precision which limits its applicability. However, the theory has been widely used when dealing with social interactions between organisations and employees (Onikoyi *et al.*, 2022).

2.2.2   Resource-based Theory

Another notable theory relevant to the human resources management of the manufacturing industry is the resource-based view theory propounded by Wernerfelt (1984). The theory states that organizational performance is influenced by capability and specific resources that are implicit or intangible. Organisation with rare attributes, valuable, non-imitable, non-substitutable, and unique resources will outperform their counterpart that does not possess such attributes. The theory tied HRM with a generated competitive advantage by focusing, and developing organisation internal resources that are special and unique to them. In general, the theory perceives human resources as the most essential asset that needs to be properly rewarded and trained to achieve organisation desired outcome (Mbamalu & Ewuim, 2021).

2.3   HRM and Employees' Performance

Onikoyi *et al.* (2022) used the manufacturing sector as a case study to evaluate human resources management practices and the outcome of employees' behaviour in Nigeria. A survey type of research design involving a structured questionnaire distributed among selected manufacturing companies in Lagos state was employed and variables used were occupational health and safety, recruitment and selection, performance appraisal, training and development, compensation

management, and career growth and development, competence, job satisfaction, commitment, motivation, cooperation with relevant stakeholders. Structural Equation Model was the estimation technique employed and the outcome showed that employee outcomes were greatly influenced by HRM practices. The study showed that employees' behaviour in an organisation is propelled by all components of HRM put in place.

Bem *et al.* (2022) examined the challenges faced with the application of human resources in a globalized economy in Nigeria. The study relied on an explanatory research method that focused on past studies. The study discovered that the socio-cultural diversity and unionisation nature of the most organisation in Nigeria affects the effective workability of human resources management. Garengo *et al.* (2021) examined human resources management and performance measurement using a bibliometric approach. The study revealed a shift from static to dynamic performance measurement within organization which is expected to be more relevant to the prevailing situation. In addition, four themes related to human resources management within an organisarion were identified.

Mahmood *et al.* (2021) carried out a study on HRM and employee performance in Pakistan. A structured questionnaire analysed using Smart-PLS was designed for the study. Results showed that job rotation, compensation, career planning, training and development, and performance appraisal positively influence employee performance in Pakistan. Mbamalu and Ewuim (2021) used Ministry of Agriculture in Anambra State Nigeria to access how HRM has contributed to employees' performance. Survey research designs of structured questionnaires were employed using descriptive and Chi-square techniques. It was discovered that among the HRM practices employed, training and the reward system carried out by the organization impact significantly on their performance.

Nori (2018) carried out a study on human resources management as a basis for improving employee performance. A systematic review of past studies was carried out to know past views on different HRM practices in an organization. From the available records, the study found that HRM practices such as recruitment and selection, training and development, compensation, reward and recognition, Work-Life Balance, and Participation in Decision Making, improve employee performance. Shaukat *et al.* (2015) carried out their study on human resources management and how it can improve employees' performance. The variables used in the study are employee performance, selection, career planning, training, compensation, job definition,

performance appraisal and employee participation. Descriptive and OLS were employed in the analysis and the findings showed that all HRM variables significantly enhance employees' organizational performance.

3   DATA AND METHODS

To examine the effect of HRM on employee performance in the manufacturing sector in Nigeria the study used a survey research method involving data collected from a structured questionnaire and analysed with descriptive, correlation coupled with multiple regression analysis. According to the Nigerian Exchange Group (2021), there are 177 manufacturing companies quoted under the Nigerian exchange group. Each of the companies is grouped under any of the 12 sectors (services, financial, information and communication technology, consumer goods, industrial goods, oil and gas, health care, agriculture, utilities, conglomerate, construction/real estate, and natural resources. In line with their contribution to the economy, this study selected 2 industries each among 2 sectors (consumer and industrial goods) of the manufacturing industries. For consumer goods, the selected companies are Unilever Nigeria Plc and Nestle Nigeria Plc. while for industrial goods, the selected companies are Triple GEE and Company; and Dangote Cement Plc. Four hundred questionnaires of which 100 were distributed each to the head office of the selected companies located in Lagos. The respondents for the study were directors, managers, accountants, financial officers, and staff that have been working with the company for the past five years.

3.1 Reliability Test Result

Table 1 showed the reliability test carried out on the examination of human resources management and employee performance of manufacturing firm in Nigeria. The Cronbach Alpha of employee performance, occupational health and safety, recruitment and selection, training and development are respectively given as 0.793, 0.774, 0.821 and 0.750. Based on the reliability test, it was concluded that all items in the questionnaire are reliable.

Table 1 Cronbach Alpha Test Results

S/N	Variable	No. of Items	Cronbach's Alpha
1	Employee Performance	7	0.793

2	Occupational Health and safety	5	0.774
3	Recruitment and selection	6	0.821
4	Training and Development	6	0.750

Source: **Author's Computation (2023)**

3.2 Model Specification

On the examination of HRM and employee performance of manufacturing company in Nigeria, the study formulates its model as:

$$EMP = f(OHS, RS, TD) \dots\dots\dots\dots\dots\dots\dots .3.1$$

From equation in 3.1, it model becomes:

$$EMP = \gamma_0 + \gamma_1 OHS + \gamma_2 RS + \gamma_3 TD + \mu \dots\dots\dots\dots\dots\dots\dots .3.2$$

Where:

EMP   =   Employee Performance

OHS   =   Occupational Health and Safety

RS   =   Recruitment and Selection

TD   =   Training and Development

3.3 *A priori* Expectation

The *a priori* expectation for this study shows that the three HRM variables (occupational health and safety, recruitment and selection and training and development exhibited a positive relationship with employee performance of the manufacturing company in Nigeria. In equation form, it can be stated as:

$$\frac{\delta EMP}{\delta OHS} > 0 \; \frac{\delta EMP}{\delta RS} > 0 \;., \; \frac{\delta EMP}{\delta TD} > 0\dots\dots\dots.3.3$$

4. DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1. Descriptive Statistics

Table 2 Descriptive Statistics

Variables	EMP	OHS	RS	TD
Obs	382	382	382	382
Mean	4.3405	4.3717	4.2526	4.3246
Std. Deviation	0.42941	0.84682	0.37472	0.74550
Minimum	3.33	1.00	3.25	2.00
Maximum	5.00	5.00	5.00	5.00
Skewness	-0.586	-1.809	-0.197	-0.836
Kurtosis	-0.198	4.086	-0.791	0.052

Source: Author's Compilation (2023)

Table 2 showed the descriptive statistics employed in the analysis of HRM and employee performance of manufacturing company in Nigeria. The result revealed that the average value of employee performance of manufacturing company is 4.3405. This implied that employees' performance of manufacturing company generates a high positive mean value of 4.3405 on five points scale. Its standard deviation of 0.42941 is lower than its mean value. This implied a high variability rate of standard deviation to its average value. The Skewed of -0.586 shows a long left tail as it carried a negative value of -0.586. The kurtosis of -0.198 is lesser than 3 therefore the distribution is described as Platykurtic.

In the same vein, the average value of occupational health and safety, recruitment and selection, training and development are 4.3717, 4.2526, and 4.3246 respectively. The degree of variation of the respective variables stood at 0.84682, 0.37472 and 0.74550. This showed that they all have a value lower than the recorded mean value. The Skewness of -1.809, -0.197 and -0.836 implied that occupational health and safety, recruitment and selection, training and development showed that they all have a long left tail. Only the Kurtosis value of occupational health and safety exceeded 3 thus referred to as Leptokurtic while recruitment and selection, training and development have their kurtosis value leaser than 3, thus the distribution is known as Platykurtic.

4.2 Correlation Test on HRM and Employee Performance of Manufacturing Company in Nigeria

Table 3 Correlation Analysis of Study Variables

	EMP	OHS	RS	TD

EMP	1.0000			
OHS	0.448**	1.0000		
	(.000)			
RS	0.780**	0.379**	1.0000	
	(.000)	(0.000)		
TD	0.645**	-0.121	0.556**	1.0000
	(0.000)	(0.018)	(0.000)	

Source: Author's Computation (2023)

Source: Author's Computation, (2023)

To ascertain the correlation between HRM and employee performance of manufacturing company in Nigeria, Pearson correlation was employed. The study revealed that the correlation between occupational health and safety and employee performance of manufacturing company is 0.448, between recruitment and selection and employee performance of manufacturing company is 0.780, between training and development and employee performance of manufacturing company is 0.645. The correlation revealed that all variables used to capture HRM exhacted positive correlation with employee performance of manufacturing company in Nigeria at 0.01 significant level.

4.3   Regression Analysis on HRM and Employee Performance in Nigeria

Table 4 Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Sig. F Change
1	0.875ᵃ	0.766	0.764	0.20871	411.613	.000

a. Predictors: (Constant), TD, OHS, RS

b. Dependent Variable: EMP

Table 5 Coefficient of Variation

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.509	.122		4.167	.000
	OHS	0.185	.015	.364	12.195	.004
	RS	0.430	.041	.375	10.524	.000
	TD	0.277	.019	.481	14.471	.001

a. Dependent Variable: EMP

Source: Author's Field Survey, (2023)

Table 4 and 5 reported the regression analysis on HRM and employee performance of manufacturing company in Nigeria. Table 4 showed the coefficient of determination (R^2) and it adjusted value as 0.766 and 0.764 respectively. This implied that about 76% adjustment of independent variable (HRM) jointly explained the dependent variable (employee performance of manufacturing company in Nigeria) while the remaining 24% explained the stochastic term. I addition, table 4 presented the statistical significant of the model when combined and it revealed that the F-statistics value stood at 411.613. This is significant at any significant levels This showed that HRM provided a good predictor of employee performance of manufacturing company in Nigeria.

Table 5 showed the coefficients of all parameters along with their corresponding probability values. It revealed that if HRM is held constant employee performance of manufacturing company will increase by 0.509 units. Similarly, occupation health and safety has a significant positive coefficient on employee performance of manufacturing company with a value of 0.185; t-statistics of 12.195, and a p-value of .004. It indicated that as occupational health and safety increases by a unit, employee performance of manufacturing company will increase by 0.185 unit. More so, the coefficient of recruitment and selection is significant and directly related to employee performance of manufacturing company with a value of 0.430 units. It implied that a unit increase in recruitment and selection will lead to 0.430 units increase in employee performance of manufacturing company. Training and development has a significant positive

coefficient of 0.277 units. The result implied that a unit increase training and development will lead to 0.277 units increase in employee performance of manufacturing company in Nigeria.

4.4   Discussion and Implication of Findings

The study examined the effect of HRM on employee performance manufacturing company in Nigeria. The study selected 2 industries each among 2 sectors (consumer and industrial goods) of the manufacturing industries. The outcome of correlation test showed that all the variables (occupational health and safety, recruitment and selection and training and development) correlate positively with employee performance of manufacturing company in Nigeria. More so, the regression outcome revealed that human resources management practices of manufacturing firm in Nigeria induced employee performance positively. The outcome of this result concorred with the apriori expectation and also agreed with the works of Onikoyi *et al.* (2022), Bem *et al.* (2022), Nori (2018), Mahmood *et al.* (2021), Garengo *et al.* (2021), Mbamalu and Ewuim (2021), Da Silva *et al.* (2020), Cropanzano *et al.* (2016), Onikoyi *et al.* (2022) among others. It therefore implied that the impact of HRM practices in boosting employee cannot be overemphasized.

5.0   CONCLUSION AND RECOMMENDATIONS

The effect of HRM on employee performance manufacturing company in Nigeria was investigated using 2 sectors (consumer and industrial goods) of the manufacturing industries in Nigeria as a case study. Pearson product correlation and multiple regression analysis of ordinary least square were the estimation techniques employed. The results indicated that occupational health and safety, recruitment and selection and training and development exhibited a significant positive effect on the employee performance of manufacturing company in Nigeria. From the aforementioned results, it was concluded that the use of HRM to develop and evaluate policies, methods, procedures, and programs concerning employment, maintenance, motivation, and managing people in an organisation significantly improve employee performance in an organisation. It was therefore, suggested that organization aimed at improving performance should put in place requisite HRM practices as it has a direct correlation with achieving the overall performance of the organization.

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