

Article

Human Resources Management Practice and Firm Performance in the Nigerian Oil and Gas Industries

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Abstract: The study explores the relationship between human resource management (HRM) practices and firm performance in the Nigerian oil and gas industry, addressing a critical gap in understanding how staff orientation impacts organizational outcomes. Despite extensive research on HRM, limited attention has been given to its influence on employee retention, customer retention, and productivity in this sector. Using a survey of 714 HR professionals and managers, the research identifies significant correlations between effective staff orientation and enhanced employee retention, which subsequently improves customer retention and productivity. These findings underscore the importance of comprehensive orientation programs, employee-focused strategies, and continuous HRM evaluation to boost firm performance. The study provides valuable insights for practitioners and policymakers, emphasizing the need for customer-centric cultures and robust HRM practices to drive organizational success.

Keywords: Human Resources Management, Firm Performance, Employee Orientation, Employee Retention, Customer Retention, Productivity, Nigerian Oil and Gas Industry.

1. Introduction

1.1 Background of the study

Human resources are the most valuable assets of any firm. However, many organizations in the organized private sector appear to have suffered from low levels of productivity, inefficiency, poor customer retention, high employee turnover, and corporate stunted growth over the decades as a result of their failure to identify with key human resource practices such as employee training, employee orientation, disciplinary measures, and the provision of adequate compensation and planning [1].

According to Agulanna and Awujo (2005), human resource management is essentially the process of recruiting, selecting, orienting, training, developing, evaluating, and compensating employees in order to achieve organizational and personal goals in a safe and healthy environment, as well as assisting them in retiring efficiently and effectively from the organization.

Although organizations engage in a variety of human resource strategies, the researcher is particularly interested in assessing the influence of certain HRM practices on firm performance. Orientation is one of the selected practices. In this context, the human resource practice and its relationship to organizational performance were briefly explained. Employee orientation has piqued the interest of numerous management authors, consultants, experts, and authorities. According to Okowa (2011), employee orientation is a long-term investment in a new employee. It is an introductory procedure that provides quick access to essential information, programs, and services; clarifies issues; and lets new employees to participate actively in their organizations [2].

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The researcher consequently strongly feels that orientation is focused towards exposing new employees to their new surroundings and making them feel welcome and comfortable, with the goal of keeping a pool of new capable employees. According to Hilary (2013), orientation establishes clear standards that help reduce disputes and limit liability; it informs new employees about the company's policies; and it helps new employees feel confident that their commitment will be matched by the treatment they will receive from management. The following demonstrates how an orientation program assists employees in understanding their given activities, employment terms and conditions, and organizational culture [3].

The researcher believes that during orientation, new employees are exposed to the organization's history, mission statement, goals and objectives, organizational structure (e.g., one's job description and the relationship between one's position and other positions), future corporate plans, dress code, reporting procedures, smoking restrictions, and expense claims, among other things.

Organizational performance is influenced by a variety of HR practices. Ihechinyere (2010) defines organizational performance as the sum of an organization's actual output or results as compared to its intended inputs or goals and objectives. In recent years, Ihechinyere continues, many organizations have attempted to manage organizational performance using the balanced scorecard method, which tracks and measures performance in multiple dimensions such as financial performance (e.g., shareholder return), customer service, social responsibility, and employee stewardship. Corporate performance can be better understood via indexes or indicators. Vianney (2011) defines a performance index as a measurement instrument used by business owners and managers to analyze their operations. The performance metrics examined in this study are staff retention, corporate productivity, and customer retention [4].

This study on the relationship between human resources management practices and organizational performance is geared towards investigating if the HRM practices have actually created positive impact on the performance indicators of SPDC and Agip Oil Company. This is with a view to encouraging the management of the enterprises to always give human resource practices the attention they require.

1.2 Statement of the Problem

Many stakeholders in different businesses are aware of the idea that human resources are the most valuable resource or asset that any organization can possess. It is also well known that the numerous procedures required to effectively manage human capital for the benefit of both employees and businesses demand careful consideration. However, the researcher noted in Hartmann (2012) that a number of organizations' HRM processes have been egregiously mismanaged, and that this has potentially had a negative impact on the various performance metrics of various businesses [5].

It is regrettable that many businesses still fail to give direction the consideration it requires, and this appears to have had a detrimental impact on output. This puts the entire organizational structure at risk of collapsing and can obstruct business growth. Following a comprehensive review of academic journals, the researcher concludes that, given the facts at hand, there is a dearth of empirical and literary support for the hypothesis that human resources practices and corporate performance in Nigerian organizations—particularly those in the oil industry—are positively correlated. Therefore, the study is focused on examining the impact of HRM practices on organizational performance. By presenting empirical evidence to back up the claims, this study tries to address the gap left by other scholars in this field, including Dike (2008), Ariyo (2012), and Ihechinyere (2010).

1.3 Objectives of the Study

The general thrust of this study is to determine the relationship between human resources management practice and firms performance. Specifically, this study is conducted to:

1. determine the relationship between employee orientation and employee retention;
2. investigate the association between employee orientation and corporate productivity;
3. examine the nexus between employee orientation and organizational customer retention [6].

1.4 Research Questions

Based on the objectives of the study, the researcher developed the following research questions:

1. What is the relationship between employee orientation exercise and employee retention?
2. To what extent is the relationship between employee orientation and corporate productivity?
3. What is the relationship between employee orientation customer retention?

1.5 Hypotheses

H01: Employee orientation exercise is not significantly related to employee retention.

H02: There is no significant association between employee orientation and corporate productivity.

H03: employee orientation is not significantly related to customer retention.

1.6 Scope of the Study

The scope of the study comprises of the content, geographical and unit scope. The researcher concentrated on the relationship between orientation and employee retention; productivity; and customer retention in Agip and SPDC, Port Harcourt. This represents the content scope. The geographical area for the study was Port Harcourt. Port Harcourt is the seat of power of Rivers State and the Nigeria's Garden City. It is one of the most favoured cities in the Niger Delta in the area of crude oil. Port Harcourt is neighboured by Abia State, Delta State, Imo State, etc. The city is very viable economically and commercially. The unit scope included the entire workers in the various departments in the study organizations namely SPDC of Nigeria and Agip Oil Company of Nigeria, Port Harcourt [7].

2.0 Review of Related literature

In this review, the researcher reviews related literature in the areas of human resources management practices and organizational performance. The section is composed of conceptual, theoretical and empirical reviews.

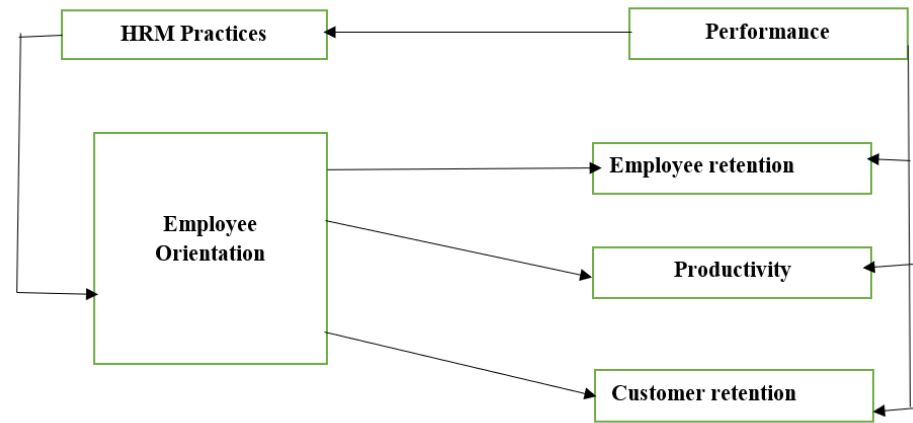


Figure 1. Operational Conceptual Framework

Source: Researchers Desk (2024)

2.1 Conceptual Review

Concept of Human Resources Management and Orientation

Various authorities have defined human resources management in a multitude of ways. Amadi (2006) defines human resources management as the department inside a business that is responsible for hiring, managing, and giving guidance to its workforce. Consequently, human resource management (HRM) is the organizational function that handles matters pertaining to people, including hiring, remuneration, performance management, organization development, safety, wellness, benefits, employee motivation, administration, and training [8].

Asiota (2006) claims that HRM is a strategic and all-encompassing method of managing people as well as the environment and culture of the workplace. Employee productivity and effectiveness are enhanced by good human resource management (HRM), which also helps the corporation achieve its goals and objectives. HRM calls for a departure from the increasingly outsourced traditional administrative, transactional, and people functions. It is anticipated that employee programs will have a quantifiable impact on the business and enhance the strategic use of people. Strategic direction and HRM metrics and measurements to show value are part of HRM's new function.

Employer orientation is essential to an effective HRM. Nzerim (2001) asserts that employee orientation is a component of a long-term commitment made to a new hire. It's a first step that makes it simple to access fundamental data, programs, and services, clarifies things, and empowers new hires to get involved in the company. Therefore, according to the researcher, new hire orientation successfully assimilates them into the company and helps with motivation, job happiness, retention, and enables each person to rapidly become a valuable part of the team [9].

Employee orientation has several advantages. According to Obi (2010), orientation serves a number of purposes, including educating new hires about company policies, promoting consistency in management, demonstrating a commitment to treating all employees equally, and offering protection against allegations of sexual harassment and discrimination. It also helps to establish clear standards that help limit liability and reduce disputes. He claims that all employees have access to employee handwork in some firms. The handbook's content covers the main points discussed in a new employee orientation session.

According to Ogbuawa (2007), an orientation program aids a new hire in comprehending the organization's culture, terms and conditions of employment, and

allocated responsibilities. It includes details on the organization's background, mission, goals, and objectives as well as its structure, policies for reporting, dress code, smoking ban, expense claims, safety protocols, emergency protocols, group insurance, sick leave, and holidays. At orientation, new hires get to know the more seasoned staff members; restrooms and showers are identified; emergency protocols are described; and safety gear is pointed out. At this point, work duties and performance criteria are described, along with a discussion of relevant laws, a review of product standards, a review of job descriptions, and the providing of operating manuals for equipment. After then, the employment paperwork is completed [10].

Employee orientation is not without its difficulties, claims Ogochukwu (2009). It is unfortunate that many businesses not only do not provide orientations, but also assume that new hires can figure out what they need to know on their own. Orientation is a crucial part of the hiring process, as it gives them the opportunity to learn about the organization, the expectations of their position, who is responsible and accountable, and other general information. The issue is that employees will still receive orientation if a formal procedure isn't provided by the organization, and it might not be one that will help them, their coworkers, or the company as a whole [11].

As part of the hiring smart concept, orientations may also be easily planned and carried out. Really, all you need to do is plan. In actuality, it starts when the offer is made at the hiring stage. An introduction, a synopsis of the perks, the time and person for reporting, and expectations for the first day, week, and subsequent months can all be included in the offer letter. A positive first impression can be created by simply confirming that the new hire is included in the corporate roster and phone system (Ogochukwu, 2009).

Okowa (2012) believes that all employees should be given a tour of the facility on their first day of work, regardless of its size, with a focus on the places they will be working in the most. It is required that the personnel be introduced, and a list of their names and responsibilities should be prepared. The company's and the department's basic operations, including work hours, punctuality and timeliness, the explanation of the time tracking process, pay day schedules (including direct deposit details or local banks used), overtime policies, lunch or break time policies, parking, internet and phone policies, security regulations, and telephone system operation, must be given adequate time. In addition, a review of the new employee jobs description, the filling of necessary forms, and a schedule for any additional needed information such as training [12].

Organizational Performance

Performance inside an organization can be measured or appraised. According to Okowa (2012), an organizational assessment is a methodical procedure for gathering reliable data regarding an organization's performance and the variables influencing performance. He claims that because the assessment uses the organization as the main unit of study, it is different from other kinds of evaluations. Organizations strive continuously to function, survive, impact, and adapt. They don't always succeed, though. Organizations can carry out organizational assessments to have a better understanding of what they can or should alter to enhance their performance.

This diagnostic tool can assist businesses in gathering insightful performance data, pinpointing critical elements that support or obstruct their ability to produce desired outcomes, and determining their relative positions to rivals. Fascinatingly, there is a growing need for these kinds of assessments. In order to better understand how the organizations they fund—such as government ministries, international financial institutions, other multilateral organizations, non-governmental organizations, and research institutions—perform, donors are attempting to gain a deeper understanding of not only how these organizations contribute to development outcomes, but also how well-equipped these organizations are to support the achievement of results [13]. This study

addresses productivity, efficiency, effectiveness, staff retention, and company growth as organizational performance metrics.

2.2 Theoretical Review

Here are detailed explanations of the related theories on Human Resources Management (HRM) practice and firm performance, along with reasons why they are related:

- a. **Resource-Based View (RBV):** This theory posits that HRM practices can contribute to a firm's competitive advantage by developing and utilizing unique human resources. RBV suggests that firms can achieve sustained competitive advantage by acquiring and developing valuable, rare, and hard-to-imitate resources, including human resources.
Relationship: HRM practices like recruitment, selection, training, and development help firms acquire and develop unique human resources, leading to competitive advantage and improved firm performance.
- b. **Human Capital Theory:** This theory argues that investments in employee skills and knowledge can lead to improved firm performance. Human capital refers to the knowledge, skills, and abilities of employees.
Relationship: HRM practices like training, development, and performance management help firms invest in human capital, leading to improved employee productivity, innovation, and ultimately, firm performance.
- c. **Social Exchange Theory:** This theory explains how positive HRM practices can lead to increased employee commitment, motivation, and productivity. Social exchange refers to the exchange of resources, such as time, effort, and loyalty, between employees and employers.
Relationship: HRM practices like rewards, recognition, and employee involvement foster positive social exchange, leading to increased employee commitment, motivation, and productivity, which in turn improve firm performance [14].

2.3 Empirical review

Jiang., Lepak., Hu., & Baer, (2020) "HRM Practices and Firm Performance: A Systematic Review and Meta-Analysis". Systematic review and meta-analysis of 144 studies published between 1980 and 2019. The findings showed that HRM practices (e.g., recruitment, training, performance management) positively impact firm performance (e.g., productivity, financial performance), the relationship between HRM practices and firm performance is moderated by factors such as organizational size, industry, and country, high-performance work systems (HPWS) have a stronger positive impact on firm performance than individual HRM practices.

Combs., Liu., Hall., & Ketchen, (2020) "The Impact of HRM Practices on Firm Performance: A Meta-Analytic Review". The study adopted Meta-analysis of 104 studies published between 1980 and 2004. The finding showed that HRM practices (e.g., recruitment, training, performance management) positively impact firm performance (e.g., productivity, financial performance). The relationship between HRM practices and firm performance is stronger in manufacturing firms than in service firms. HRM practices have a greater impact on firm performance in smaller firms than in larger firms [15].

2. Materials and Methods

Research Design: The researcher adopted the survey method of research which involved the use of such tools like personal interviews, questionnaire and observations.

Population of the Study: The population of this study included the management and staff of Agip Oil Company of Nigeria Limited, Port Harcourt and Shell Petroleum Development Company, (SPDC), Port Harcourt. The population of the study was 8,480 (sum of Agip staff strength and SPDC's staff strength) [16].

Sample Size Determination

The researcher determined the sample size using the Taro Yammer's formular as quoted by Alugbuo (2002). He states the formular as:

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

Where:

n = sample size

N = number of items in the universe or population

e² = square of maximum allowance for sampling error or level of significance.

For the purpose of this research, the sample size is computed as follows:

SPDC:

$$n = \frac{3,800}{1+3,800(0.05)^2}$$

$$n = \frac{3,800}{1+3,800 \times 0.0025}$$

$$n = \frac{3,800}{1+9.5}$$

$$n = \frac{3,800}{10.5}$$

$$n = 361.9$$

$$n = 362$$

AGIP:

$$n = \frac{4,600}{1+4,600(0.05)^2}$$

$$n = \frac{4,600}{1+4,600 \times 0.0025}$$

$$n = \frac{4,600}{1+11.5}$$

$$n = \frac{4,600}{12.5}$$

$$n = 368$$

$$\text{Total sample size} = 362+368 = 730.$$

Methods of Data Collection

The researcher used the sampling instruments of questionnaire and interviews to reach the respondents.

Validity of Research Instrument : The questionnaire was shown to the supervisor and to other experts for further corrections and for their inputs, (face validity).

Reliability of Research Instrument: The pre-testing was conducted twice in the organization with a gap of two weeks. In each case, the researcher used Cronbach alpha to determine the reliability of the instrument. The reliability value is 0.6. The computation of the Cronbach alpha was enabled by the use of SPSS software.

Methods of Data Analysis: The researcher also used correlation analysis and regression analysis method which included correlation coefficient statistical technique and linear regression analysis to test the hypotheses that were formulated. The purpose of

correlation analysis was to find out the significant relationship of the independent variables on dependent variables [17].

3. Results

A total of 730 questionnaire was distributed to respondents and 714 were properly filled and returned.

Testing of Hypotheses

The hypotheses were tested in order to find out whether the difference in opinion is significant to draw a conclusion.

Test of Hypothesis One

H01: Employee orientation exercise is not significantly related to employee retention?

Table 1. Regression Analysis Report

ITEMS	N	Pearson Correlation (R)	Regression Analysis (R ²)	P-value
1	714	0.235	0.055	0.000
2	714			

The result has shown Employee orientation exercise is significantly related to employee retention. The regression analysis accounts a p-value of 0.000 which is lesser than 0.05 hence the null hypotheses was rejected. The result also reported R² Value of 0.055 and R of 0.235 which in the models denotes that employee orientation has a positive relationship with employee retention. This shows that human resource management practices such as employee orientation has significant influence on employee retention [18].

Test of Hypothesis Two

H02: There is no significant association between employee orientation and corporate productivity

Table 2. Regression Analysis Report

ITEMS	N	Pearson Correlation (R)	Regression Analysis (R ²)	P-value
3	714	0.548	0.300	0.000
4	714			

The result has shown that there is a significant association between employee orientation and corporate productivity. The regression analysis accounts a p-value of 0.000 which is lesser than 0.05, therefore rejecting H0. The result also reported R² Value of 0.300 which in the models denotes that there is a significant association between employee orientation and corporate productivity. This shows that human resource management practices such as employee orientation has significant influence on productivity [19].

Test of Hypothesis Three

H03: employee orientation is not significantly related to customer retention

Table 3. Regression Analysis Report

ITEMS	N	Pearson Correlation (R)	Regression Analysis (R ²)	P-value
5	714	0.718	0.515	0.000
6	714			

The table 4.3 result has shown that employee orientation has significant impact on customer retention. The regression analysis accounts for a p-value of 0.000 which is lesser than 0.05 hence the null hypothesis was rejected. The result also reported R² Value of 0.515 which in the models denotes that employee orientation has a strong and a positive relationship with customer retention. This shows that human resource management practices such as employee orientation has significant influence on customer retention.

4. Discussion

The researcher made a lot of findings in this study. Hypotheses one showed that the quality of orientation programmes in the organizations helps to destroy ill-impressions that threatened employee retention indicates strongly that staff orientation can be a great tool for reducing employee turnover. This is in agreement with the empirical findings of this study.

The result in hypotheses two has shown that there is a significant association between employee orientation and corporate productivity. The regression analysis accounts a p-value of 0.000 which is lesser than 0.05, therefore rejecting H0. The result also reported R² Value of 0.300 which in the models denotes that there is a significant association between employee orientation and corporate productivity.

The regression analysis in hypotheses three accounts for a p-value of 0.000 which is lesser than 0.05 hence the null hypothesis was rejected. The result also reported R² Value of 0.515 which in the models denotes that employee orientation has a strong and a positive relationship with customer retention. This shows that human resource management practices such as employee orientation has significant influence on customer retention. This is in agreement with the study by Jiang., Lepak., Hu., & Baer, (2020) as their findings showed that HRM practices (e.g., recruitment, training, performance management) positively impact firm performance (e.g., productivity, financial performance) and also Combs., Liu., Hall., & Ketchen, (2020) examined the impact of HRM practices on firm performance: A Meta-Analytic Review". The finding showed that HRM practices (e.g.,

recruitment, training, performance management) positively impact firm performance (e.g., productivity, financial performance) [20].

5. Conclusion

Human resource management practices have a significant impact on firm performance by improving orientation, customer retention, productivity, and employee retention. By investing in HRM practices, firms can enhance employee and organizational performance, leading to increased competitiveness and success.

Recommendation: The study recommends as follows;

- 1 Orientation:
 - a. Develop comprehensive training programs for new hires.
 - b. Implement effective onboarding processes to enhance employee understanding of organizational culture and values.
- 2 Customer Retention:
 - a. Invest in customer service training programs for employees.
 - b. Implement employee empowerment programs to enhance decision-making and problem-solving skills.
- 3 Productivity:
 - a. Develop performance management systems to enhance employee feedback and coaching.
 - b. Implement incentive programs to motivate employees.
- 4 Employee Retention:
 - a. Develop effective recruitment and selection processes to enhance employee fit.
 - b. Implement employee recognition and reward programs.

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