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Abstract
The focus of this paper is on the impact of HRM practices on private sector organisations performance in Nigeria. Guinness Nigeria Plc is a private sector driving entity. Its human resource practices can be crucial to its performance. The purpose of this study therefore was to assess whether Guinness’s human resource management practices, particularly recruitment and selection, Staff performance appraisal, compensation, and training and development practices influence its performance. Simple random sampling was used to select eighty employees from Guinness Nig. Plc. T-tests were carried out to examine the relationship between the selected Human Resources practices and organization performance. The results revealed
that, from the perceptions of the respondents, there exists a positive relationship between effective recruitment and selection practices, effective performance appraisal practices and Guinness’s performance. The research did not gather sufficient evidence to conclude on how compensation, training and development practices influence organization’s performance. The study recommends that the management of Guinness Nig. Plc continues to ensure that the company’s Human Resources policy, effective recruitment and selection practices, as well as effective performance appraisal practices are upheld.

Keywords: Human Resource Management, Performance, Best Practices

Introduction

Increasing productivity in the public sector to match the levels of the private sector has been the call of the present administration in Nigeria. According to Boohene & Asuinura (2011), closing the productivity gap between the private and public sectors will require increased investment in research and development, capital and people, improved education and training, and a modernised productive infrastructure. In a bid to improving productivity, Michie & Oughton (2003), Boohene & Asuinura (2011), suggest that there should be a continuous improvement in management practice, corporate governance and organisational design. Guest, Michie, Conway & Sheenan (2003) point out that a major challenge for modern organisations is the urge for increasing productivity and achieving a competitive advantage.

To achieve competitive advantage, Bohlander, Snell & Sherman (2001) argue that while people have always been central to organisations, they have now taken on an even more central role in building a firm’s competitive advantage. They reiterate the fact that success increasingly depends on the organisation’s people-embodied know-how, which includes the knowledge, skills and abilities embedded in an organisation’s employees. Organisations best able to meet this challenge are those that can acquire and utilise valuable and scarce resources. Human resources fall into this category of resources, particularly if they are effectively deployed through appropriate human resource practices (Boohene & Asuinura (2011). One of the key tasks for an organisation, therefore, is the effective management of human resource. Research in Human Resource Management (HRM) has established that the success of any organisation is highly influenced by the calibre of its human
resource (HR), which in turn, is affected by the organisation’s human resource management practices (Okoh, 2005).

The Guinness Nigeria Plc is a private sector Brewing industry in Nigeria, which is not on subvention from either the government or any other organizations. Thus, it is required to generate its own funds, operate profitably and be able to pay dividend annually to its shareholders. In the year 2007, the company underwent a corporate restructuring. Prior to this time, the company was barely breaking even and its ability to attract and retain skilled employees was limited. The HR department was also restructured with the recruiting of HR professionals into the department. The HR department was then tasked with reviewing the organization’s HR practices and recommending policy changes, where necessary. As part of the review, academic qualifications of the staff were harmonized without further discrimination between Degree holders and Higher National diploma, certificate holders, training programmes were organised for all categories of staff. Employees who lacked basic skills and qualifications and could not be retrained were laid off, whilst a rigorous recruitment process was instituted to attract skilled personnel for the various departments. Guinness Nigeria Plc devoted significant time and resources in creating an inspiring and enabling work environment and motivating its employees through a competitive total compensation package that was well communicated to all employees. In addition the company invested strongly behind the development and effective deployment of its employees by deepening and broadening its talent base and making significant investment in boosting their employability across Diageo global operations and beyond.

After 2007, the company’s profit improved considerably and has continued ever since. Accordingly, it has paid annual dividends to the shareholders. Since the restructuring, no research has been carried out to ascertain the effect of human resource management practices on the company’s performance. This paper therefore seeks to examine how the human resource management practices at Guinness Nigeria Plc have impacted on its performance.

**Research framework**

Armstrong (2006) observes that the assumption underpinning the practice of Human Resource Management (HRM) is that people are the organisation’s key resource and organisational performance largely depends on them. Therefore, if an appropriate range of HR policies and processes are
developed and implemented effectively, then HR will make a substantial impact on organizations performance. Boohene et al (2011) argue that the case for an association between human resource management and organization performance is based on two arguments. The first one being that the effective deployment of human resources offers one of the most powerful bases of competitive advantage. The second argument is that effective deployment of human resources depends on the application of a distinctive combination of practices, or the use of a consistent set of human resource practices.

Again, according to Collins & Druten (2003) researchers have produced compelling evidence for the causal link between how people are managed and organisational performance. They argue that the effectiveness of human resource practices, particularly employee selection procedures, performance appraisals, compensation management, and employee training and development often have a direct bearing on organisational productivity and performance. Contributing to this assertion, Boohene et al (2011) present that, the result of effectively managing human resources is an enhanced ability to attract and retain qualified employees who are motivated to perform. To them, the benefits of having the right employees motivated to perform include greater profitability, low employee turnover, high product quality, lower production costs, and more rapid acceptance and implementation of corporate strategy. These invariably lead to higher productivity of Guinness Nigeria Plc.

**Employee recruitment and selection and organization performance**

Recruitment and selection in any organization is a serious business of the Human resources Managers. This is because the success of any organization or efficiency in service delivery depends on the quality of its workforce who was recruited into the organization through recruitment and selection exercises (Ezeali and Esiagu, 2010). Recruitment and selection involve getting the best applicant for a job. Recruitment is the process of attracting a sufficient number of individuals with right profile in terms of qualifications, experience, skills and other relevant attributes to indicate their interest in working for the organization (Obikeze and obi, 2004). Okoh (2005) notes that recruitment procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regime, will have a substantial influence over the quality and type of skills new employees possess. The aim of recruitment is to ensure that the organization’s demand for
manpower is met by attracting potential employees in a cost effective and timely manner. Mullins (1999) also points out that the important thing is for some suitable plan to be used; and that the plan is appropriate to the essential or desired characteristics of the candidate. It is also necessary to comply with all legal requirements relating to employment and equal opportunities, to follow recommended codes of practice and to ensure justice and fair treatment for all applicants. In the views of Bohlander, Snell & Sherman (2001) it is important for managers to understand the objectives, policies and practices used for selection. In that way, they can be highly involved in the process from the very beginning. Those responsible for making selection decisions should have adequate information upon which to base their decisions. Robbins (2005) further observes that an organisation’s human resource policies and practices represent important forces for shaping employee behaviour and attitudes. The selection practices will determine who is hired. According to Okoh (2005) the purpose of selection is to identify from those applicants coming forward, the persons most likely to fulfil the requirements of the organization. If properly designed, it will identify competent candidates and accurately match them to the job. The use of the proper selection device will increase the probability that the right person will be chosen to fill a slot. When the best people are selected for the job, productivity increases. Thus the first hypothesis states that:

H1: Effective recruitment and selection practices have a positive impact on Organization performance.

**Staff performance appraisal and organization performance**

The process of performance management, according to Campbell and Adebayo (2007), involves a continuous judgment on the behaviour and performance of staff. It is important that employees know exactly what is expected of them, and the yardstick by which their performance and results will be measured. A formalised and systematic appraisal scheme will enable a regular assessment of the individual’s performance, highlight potential and identify training and development needs. Most importantly, an effective appraisal scheme can improve the future performance of staff. The appraisal scheme can also form the basis for a review of financial rewards and planned career progression.

Boohene et al (2011) suggest the following steps in conducting a performance appraisal: scheduling, preparing for the review and conducting the review. Scheduling the review involves notifying the employee ten days
or two weeks in advance; asking the employee to prepare for the session by reviewing his or her performance, job objectives and development goals; and clearly stating that this will be the formal annual performance appraisal. Preparing for the review entails reviewing the performance documentation collected throughout the year while concentrating on work patterns that have developed; being prepared to give specific examples of above or below average performance; when performance falls short of expectations, determining what changes need to be made. If performance meets or exceeds expectations, discussing this and planning how to reinforce it; after the appraisal is written, setting it aside for a few days and then reviewing it again; and following whatever steps are required by the organisation’s performance appraisal system.

According to Campbell et al (2007), there is a clear and strong relation between organisational performance and the attention given to performance management and employee appraisal. The chances of actually achieving the objectives of the organisation are considerably improved when all management levels are in line with each other. In addition, this ensures that all organisation members know what is important for the organisation and what is expected from them. Everybody works under the same clear-structured regime. Boohene et al (2011) further point out that, since the assessment and reward criteria are related to the strategic objectives of the organisation, it means that these human resource tools directly support the achievement of the organisational strategy. Therefore, the next hypothesis of this paper is:

H2: Effective performance appraisal has a positive impact on organization performance.

**Employee compensation management and organization performance**

Compensation (Reward and benefits) management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organisation and thus help the organisation to achieve its strategic goals. It deals with systems (reward processes, practices and procedures) that aim to meet the needs of both the organisation and its stakeholders (Armstrong 2006). He further presents that the philosophy of reward management recognises that if human resource management is about investing in human capital from which a reasonable return is required, then it is proper to compensate people differently, according to their contribution
(i.e. the return on investment they generate). Additionally, the philosophy of compensation management also recognises that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Commenting further, Stup, Hyde and Holden (2005) say that the relationships between organization’s level performance and HRM are complex and not always positive and also in some private sector organisations compensation and other benefits are usually not commensurate with output.

Reward strategies and the processes that are required to implement them have to flow from the business strategies. It is pertinent to say that, employee compensation/reward will be affected by the business and the human resource strategies of the organisation, the significance attached to reward matters by top management, and the internal and external environment of the organisation. Armstrong (2006) further explains that the external environment includes the levels of pay in the labour market and submits that a reward system should consist of policies that provide guidelines on approaches to managing rewards; practices that provide financial and non financial rewards, and processes concerned with evaluating the relative size of jobs (job evaluation) and assessing individual performance (performance management). A reward/compensation system should also consist of procedures operated in order to maintain the system so as to ensure that it operates efficiently and flexibly, and provides value for money. Campbell et al (2007) suggests that, an employee’s ability to see the connection between his or her work and the organisation’s strategic objective is a driver of positive behaviour. This clarity is achieved by formulating and using personal objectives derived from strategy. Finally, Waal (2007) is of the opinion that the implementation of personal objectives, personal targets and clear assessment criteria linked with a flexible reward structure, can lead to a positive cultural change. The commitment of employees to achieve the objectives of the organisation increases. Standards of what is good and what is wrong also become clear and consistent with each other. These ultimately lead to greater productivity and improved performance. Following from this, another hypothesis is formulated as:

H3: Effective compensation (rewards and benefits) management has a positive effect on organization performance.
Training and development and organisation performance

Training and development constitute a subsystem within the broad spectrum of personnel function. Human resource is the most dynamic of all resources of any organization; therefore, considerable attention must be given to human development in the organization. Training implies preparation for an occupation or for specific skills; it is job-oriented rather than personal. While Development implies a broader view of knowledge and skills acquisition than training, it is less job-oriented than career-oriented; it is concerned more with employee potential than with immediate skill; it sees employees as adaptable resources (Cole,2005,Okoh,2005). Training, according to Armstrong (2006) “is the use of systematic and planned instruction activities to promote learning.” It involves the use of formal processes to impart knowledge and help people acquire the skills necessary for them to perform their jobs satisfactorily. The focus of training is on practical skills and is concerned with applying and implementing techniques and processes. Therefore, training is investing in people to enable them to perform well and empower them to make the best use of their natural abilities. Onyemesim (2008) is of the view that training is a process that develops and improves skills related to performance. The objectives of training, as identified by Armstrong are to develop the skills and competences of employees to improve their performance; to help people grow within the organisation in order for the organisation to meet its future human resource needs; to reduce the learning time for employees on appointment, transfer or promotion, and ensure that they become fully competent.

According to Akpan (2009) development is the process whereby an employee is enabled to grow on the job, through acquisition of wide experience, breadth and increasing confidence resulting from the exercise of varied and tested responsibilities. Development means learning that is not necessarily related to the employee’s current job. Instead, development prepares employees for other positions in the organisation and increases their ability to move into jobs that may not yet exist. Development may also help employees prepare for changes in their current jobs, such as changes resulting from new technology, work designs or customers. Development therefore is about preparing for change in the form of new jobs, new responsibilities, or new requirements. Employee development is a necessary effort of a company to improve quality and to meet the challenges of global competition and social change (Noe, Hollenbeck, Gerhart & Wright 2004).
Lundy and Cowling (2004) observe that there is no all-embracing concept that brings together the processes of education, learning, training and development. However, it must be clear that they are inextricably linked. They share many common principles, e.g., learning theories, assessment and evaluation, and design of programmes, and so there is the need for synthesis. They further insist that each individual matures over a lifetime and that development is the process, which can enable employees to reach a personal full potential. Development is therefore, for the most part, long term in focus. Education contributes to each individual’s development by facilitating the attainment of mental powers, character and socialisation, as well as specific knowledge and skills.

Huselid (1995), Osbionebo (2007) notes that providing formal and informal training experiences, such as basic skills training, on-the-job experience, coaching, mentoring and management development can further influence employees’ development and hence, their performance. Training, when well done, increases productivity, there will be reduction in accidents on the job and in the end profits of the organisation would increase. Dessler (2003) sums up how training and development influences organization performance by arguing that developing human capital through continuing training may increase the productive output from each employee either through improvement in skill level or through improvement in morale and job satisfaction. Hence, the fourth hypothesis of this study is that:

H4: Training and development have a positive effect on organization performance.

Methodology

The most common method of generating primary data is through survey (Oghene 2010). He defines a survey as a research technique in which information is gathered from a sample of people through questionnaire and interview. Thus, because of the need to generate primary data to achieve the objectives of this study, survey research was adopted. Also, this study adopted the case study method. Boohene, et al (2011) observe that case studies provide precedence as well as a source of reference for future cases. It also helps track the root cause of an issue or problem to a number of, hitherto, unsuspected factors and may result in probing into real meanings of phenomenon likely to be otherwise overlooked. Case studies also help in developing analytical and problem solving skills and allows for further
exploration of solutions for complex issues. The method is also useful for research, especially in cases where the subject matter is of a unique nature rather than the normal or expected conditions. Because of the benefits of the case study method, as stated above, the uniqueness of the circumstances of Guinness Nigeria Plc and the fact that there is no clear single set of outcome on how specific HR practices impact on performance, the case study method of data collection was used for this study.

Population and sample

The target population was the permanent staff of Guinness Nigeria plc, who number One thousand and seventy eight, while approximately six hundred and eighty eight of which are at the Benin City Plant, and corporate Head office, which also houses the productions and technical staff (Guinness Nigeria Annual Reports and Accounts, 2007). Simple random sampling was used to select 80 employees, made up of junior, senior and top management Staff; which cut across gender. This was done in anticipation that such a sampling of subject provides the necessary variety of information required for this study; and given the circumstances, mainly time constraints and employees’ willingness to answer the questionnaire; it was the only practical way of gathering the needed data for the research.

Data collection

In gathering data, structured self-administered questionnaires were used to gather information from the employees. The rationale for using self administered structured questionnaires was to allow the respondents to answer at their own pace without taking them away from their work. In answering the questionnaire, the respondents were asked to indicate their responses to the questions on a five point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

The respondents had to indicate whether they strongly disagree, disagree, are uncertain, agree or strongly agree to the question posed. The questionnaire is divided into two sections. The sections are A & B. Section ‘A’ that is typical of questions on the demographic characteristics and contains general information about the respondents and the organization; such as information regarding their department, whether they are junior, senior or management staff, their age, and length of service with the company. While section ‘B’ is on issues relating to the four hypotheses formulated from the literature review.
Results and discussions

The study adopted the quantitative technique using the Statistical Package for Social Sciences (SPSS) package 10.0 versions for windows in the analysis of information collected. The analysis involved the use of percentages and t-test to generate insights, make inferences and draw conclusions about the relationship that exists between HR practices and organization performance.

Analysis of the demographic characteristics

Analyses of the demographic characteristics of respondents indicate that 26 of them were females while and 54 were males, representing, 32% and 68% respectively. Even though the sex of the respondents was skewed toward males, this imbalance is representative of the company’s workforce as in Nigeria; the majority of organizations are dominated by men, particularly when it involves a brewery industry. Moreover, 10% of the respondents are in the Audit department while 21% are in the Marketing department. 28% of respondents are employed in the operations department, 15% and 18% in the Finance and Technical department respectively while 8% are employed in the HR department. Furthermore, 40% of the respondents fall within the age of 31 years to 40 years, while 25% are within the ages of 40 years to 50 years. Moreover, 30% had been employed for 5 years or less while 40% had worked with the company for between 6 to 10 years. The results indicate the youthfulness of workforce of the company. This is expected considering the fact that Guinness Nigeria plc has undergone restructuring in 2007.

Hypothesis testing

The t-test was used to test the hypotheses between the human resource management practices and organization performance. The results are depicted in Table 1.

Table 1: Effects of Human Resource Management Practices on Organization Performance

<table>
<thead>
<tr>
<th>Human resource practices and organization performance</th>
<th>Mean standard</th>
<th>Standard error</th>
<th>t-value</th>
<th>p-value (two deviation of mean tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection and organization performance</td>
<td>4.250</td>
<td>5.265</td>
<td>0.543</td>
<td>6.281</td>
</tr>
<tr>
<td>Performance appraisal and organization performance</td>
<td>3.524</td>
<td>4.650</td>
<td>0.545</td>
<td>6.620</td>
</tr>
<tr>
<td>Compensation/Reward and organization performance</td>
<td>-0.620</td>
<td>4.354</td>
<td>0.595</td>
<td>-1.022</td>
</tr>
<tr>
<td>Training and development and organ. performance</td>
<td>-0.410</td>
<td>5.310</td>
<td>0.621</td>
<td>-0.550</td>
</tr>
</tbody>
</table>

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The first hypothesis tested the effect of recruitment and selection practices on organization performance. The t-test gives a positive figure of 4.250. In addition, the probability value (p-value) of the relationship between recruitment and organization performance is 0.000. This value is substantially smaller than the specified alpha value of 0.05. Thus, the test of the hypothesis confirms that effective recruitment and selection practices have a positive effect on Guinness Nigeria Plc performance. This positive significant relationship means that organization should always ensure that the best candidate is recruited whenever vacancies arise, thus minimising employee ineffectiveness and its associated costs. In testing the effect of performance appraisal practices on organization performance, the t-test yields 3.524 and the probability value (p-value) of the relationship between performance appraisal and organization performance is 0.000. Because the t-test is positive and the p-value is 0.000, lower than the level of significance, it shows that effective performance appraisal practices have a positive effect on organization’s performance. The results may be that employees of Guinness Nigeria Plc are satisfied with the performance appraisal system and therefore will always strive to bring out the best in terms of their contribution to financial performance.

The t-test for the third hypothesis yields a result of -1.022 and a p-value of 0.300 which is greater than the alpha value of 0.05. This suggests that it cannot be concluded that effective Compensation management has a positive effect on organization performance. In effect, the research did not observe evidence to support the hypothesis that effective (compensation) reward and benefits management practices have a positive effect on Guinness Nigeria Plc’s performance. As the review of the literature showed, research has established that although the value of a company’s human resource assets may not show up directly on its balance sheet, it nevertheless, has tremendous impact on an organisation’s performance. These findings attest to the view expressed by Stup et al (2005) that the relationships between company level performance and HRM are complex and not always positive. It however, shows that in both private and public sector organisations compensation and other benefits are usually not commensurate with output. It is difficult if not impossible to equate rewards and benefits(Compensation) to output (Boohene et al,2011).

The fourth hypothesis examined the effect of training and development on organization’s performance. The t-test yields a result of -0.550 and a p-value
of 0.507. This suggests that it cannot be concluded that effective training and development practices have a positive effect on organization’s performance. In effect, the research did not observe evidence to support the hypothesis that effective training and development practices have a positive effect on Guinness Nigeria Plc’s performance. This may be because Guinness Nigeria Plc is a private sector organisation and workers go through training and development programmes; they are motivated to apply what they have learnt as promotions may also be based on long service and on output.

Conclusions and recommendations

Conclusions

Guinness Nigeria Plc’s financial performance could be explained by its effective recruitment and selection practices and performance appraisal practices. As the review of the literature revealed, research has established that although the value of a company’s human resource assets may not show up directly on its balance sheet, it nevertheless, has tremendous impact on an organisation’s performance. However, there was insufficient evidence to show that Guinness Nigeria Plc's remuneration practices as well as its training and development practices contribute positively towards its performance, as perceived by the respondents. The performance measurement indicators/approach were not adopted for the analysis of data.

Recommendations

Based on the findings of this research, the paper recommends that the management of Guinness Nigeria Plc should continue to ensure that the Human Resources policy, which is a result of the organization strategy to use human resource, among others, to achieve outstanding performance every year, is upheld. Besides a thorough knowledge of the position the organization is trying to fill, recruiters must be able to pinpoint sources of human resources. Since the supply of individuals from which to recruit is continually changing, there will be time when finding appropriate human resources will be much harder than at other times. The advice is that the human resource specialists in Guinness Nigeria Plc should continually monitor the labour market so that they will know where to recruit appropriate human resources and determine what kind of strategies and tactics to use to attract job applicants in a competitive market place. In addition, copies of the Human Resoures policy should be made available to all existing employees to ensure widespread dissemination and application of the policies.
Management should continue to ensure that the recruitment and selection process is, and seen to be fair. There should be measures that will ensure that all recruitment and selection practices adhere to the standards and policies of the organization, since effective recruitment and selection practices will ensure positive financial returns for the company, either through ensuring effectiveness on the part of employees, or minimisation of costs associated with training and retraining of employees.

The management of Guinness Nigeria Plc should also ensure that performance appraisal is taken seriously and policy standards rigorously adhered to because this study has established that there is a clear and strong relation between its performance and the attention given to performance management and employee appraisal.

Management must also ensure that training and development programmes are relevant for current and future employee performance on the job. Further, management must ensure that there is a fair balance between financial and non-financial rewards when designing, reviewing and implementing a reward strategy.

**Suggestion for future research**

This research is subject to the usual limitations of survey research. First, the research focused on a single organisation and selected human resource management practices. Performance measurement indicators / indicies were not applied in the analysis of Guinness Nigeria Plc performance to actually show the impact of recruitment and selection practices on the organization’s performance. Finally, the research did not gather enough evidence to conclude on the effect of some HRM practices on organization performance. Thus, there is need for future research to include a comparison between the private and public sector organizations in Nigeria.
References


