

## Assessment of human resource management in oil palm industries of Edo state, Nigeria

Fapojuwu, O. E., Ajayi, M. T. and Adeogun, S. O.

Department of Agricultural Administration, University of Agriculture, PMB 2240, Alabata Abeokuta

E-mail: obabirekemi@yahoo.com

### Abstract

This study assessed the human resource management in Presco and Okomu oil palm companies, in Ikpoba- Okha and Ovia- South West Local Government Areas of Edo state. The specific objectives of the study were to; ascertain the socio-economic characteristics of employees, determine motivational factors, verify relationship between management and employees, assess management system practices and identify the challenges facing employees and management. Forty employees from each of the two companies were randomly selected, making a total sample size of 80 respondents. Data were obtained with the use of structured questionnaires and were analyzed using frequency count, percentages, correlation coefficient and t-test. Findings of the study revealed that both males and females work in oil palm companies (Presco male: 71.8%, Okomu female: 73.5%). Majority are married (Presco: 59%, Okomu: 67%), Christians (Presco: 92.3%, Okomu: 100%), within the age bracket of 31-40years (Presco: 56.4%, Okomu: 97.1%), and educated (Presco tertiary: 43.6%, Okomu tertiary: 38.2%). Majority of the workers have spent 6-10years on the job (Presco: 41%, Okomu: 35.3%), and their monthly salary level is between ₦ 20,000 and ₦50,000 (Presco: 48.7%, Okomu: 47.1%). Results showed that rules are followed rigidly ( $\bar{x}=2.27$ ), clear instructions are also given to employees ( $\bar{x}=2.26$ ), and managers guide actions of the employees ( $\bar{x}=2.12$ ). However, respondents in Okomu agreed that management gives necessary criticism ( $\bar{x}=4.12$ ), as the management system to enhance job performance, while Presco respondents did not agree to that ( $\bar{x}=2.18$ ). Significant differences existed between Presco and Okomu in terms of management-employee relationship ( $t=4.860$ ,  $P<0.05$ ) and management system practices ( $t=3.054$ ,  $P<0.05$ ). In conclusion, oil palm workers are not well remunerated, while the management systems need to be reviewed. This can be directly linked to the formal relationship within the organization and the autocratic system of management practiced. The study therefore recommends that democratic system of management should be practiced.

**Keywords:** Human resource management, Oil palm industries, Employees, Job performance

### Introduction

Human resource management encompasses the activities designed to provide and coordinate the human resource of an organization. Human resource management refers essentially to the activities of personnel of an organization in achieving the organization's objectives (Cole, 1991 and Akinmayowa, 2006). Human resource management was defined by Cuming (1980) as being concerned "with obtaining the best possible from staff for an organization and having got them, looking after them so that they will want to give their best to their job". In general, human resource management aims at ensuring that the employees of a company are used in such a way that the employer obtains the greatest possible benefit from their abilities and the employees obtain both material and psychological reward for their work (Graham, 1991). Given the current high-food demand in the country, and the rapid population growth, there is an increasing need of agricultural development to specifically expand food production. This situation could be ameliorated by proper management of human resources in the agricultural sector as agriculture is currently labour-intensive rather than capital-intensive.

The palm oil from the eastern region was described as being of highest quality and the people took pride in their work. According to Agha (2007), the people were so good at it that the Malaysians followed the scent of the palm oil to Imo State to

learn the fine art of palm oil production. Currently, Malaysia which came here to learn about palm oil production is the world's number one producer and exporter of crude palm oil.

Palm oil, apart from being a major ingredient for food, has other myriad of uses. It is used in cosmetic production and is more importantly one of the raw materials in bio-diesel production. According to experts, biodiesels are biodegradable and when burnt, have fewer emissions than petroleum base fuels. Thus, bio-diesels are being looked upon as possible alternative energy source (Agha, 2007). Oil palm production plays significant role in the Nigerian economic development. These roles include;

- ❖ Contributions to the country's Gross Domestic Product,
- ❖ Source of income and decent living for a large proportion of the population,
- ❖ Provision of adequate food for the people,
- ❖ Supply of raw materials required by the industrial sector,
- ❖ Generation of foreign exchange through export, and
- ❖ Provision of employment opportunities for the teeming population (Alegre, 2006).

Oil palm production provides palm oil, kernel cake, palm wine and other secondary products; it also provides employment for Nigerian citizens. Agricultural work force in oil palm production includes farm labourers, official

employees, and management staff. There is the need to manage those employed in oil palm companies, so that productivity could be enhanced. One of the effective ways to do this is to positively influence the labour component of productivity.

The importance of human resource and their management remain crucial to any organization and economies. It is often argued that human resource management is increasingly crucial for organizational growth. Yet, despite the importance of human resource management as a specialized business function and set of practices, it is relatively a new area of interest in today's organizations (Rowley and Abdul-Rahman, 2007).

The Nigerian economy is based predominately on agriculture. With population increasing, production of food will also need to expand by the same amount. Agricultural human resources which can be the major catalyst to bring about change have not been given much attention.

Managing human resources can be very challenging. Oil palm companies have a significant role in the national economy in that it provides food for the people, provides employment, increases farmer's income and increases Gross Domestic Product (GDP) and Gross National Product (GNP) of the country through foreign capital earned from exportation of oil products. There is therefore the need for the proper management of those working in the agricultural sector.

Human resource managers are faced with challenges which pose threat to the normal running of agricultural business. These challenges include; workforce diversity, emerging technologies, regulatory changes, structural changes to organization and management changes within the organization (Byars and Leslie, 2000). Human resource managers find it difficult to treat everyone equally in the workplace, as they have varying cultural background, gender, age and lifestyles. Other challenges involved in human resource management include lack of appreciation for merit and hard work, delaying promotion, motivation, inadequate health services, etc (Okoh, 1998).

The changing regulations of government have a tremendous burden on human resource managers. Often, new regulations require significant paper work and also require costs. This burden is a challenge to the human resource manager as he tries to adjust to such change. Also, new technologies are emerging everyday; computerized systems are now being used to maintain data and evaluate daily business performance. This as well poses a challenge to the manager as he requires technical skills to use these technologies.

Today's organizations are undergoing many structural changes. These changes are caused by downsizing which results in outsourcing, and also rightsizing. These structural changes present challenges for human resource managers (Byars *et*

*al*, 2000). Managerial changes within an organization are also a challenge. Most managers do not empower or motivate their employees or allow them to take part in decision making process. This will bring about a strain in relationship between management staff and employees leading to grievances, increased staff turnover rate and thus reducing productivity. Assessing human resource management in oil palm companies will therefore go a long way in providing ways through which these challenges can be managed. According to Graham (1991), human resources are much more difficult to manage than material resources, partly because conflict often occurs between the employer and employees, partly because to an increasing extent, employees try to share in decision-making.

This study highlights human resource management in agriculture, its various challenges and how these challenges could be managed. The impetus which human resource management can give towards increased productivity and efficiency, not just in agricultural production but also to the gamut of agribusiness in Nigeria were ex-rayed.

Against this background, this study aimed to proffer solutions to the following research questions;

- i. What type of working relationship exists between management staff and employees?
- ii. What kind of management system exists in oil palm companies?

#### **Objectives of the Study**

The general objective of this study is to assess human resource management in oil palm companies in Edo state. The specific objectives of this study were to:

- i. ascertain the socio-economic characteristics of personnel in oil palm companies in Edo - State
- ii. verify the working relationship between the management staff and employees; and
- iii. assess management systems of administration in Okomu and Presco oil palm companies

**Hypothesis:** The hypothesis for this study was stated in the null form that there is no significant difference between Okomu and Presco human resource management in terms of management – employee relationship and management systems.

#### **METHODOLOGY**

This study was conducted in Okomu and Presco Oil Palm companies, located in Ovia South-west and Ikpoba-Okha Local Government Areas of Edo State. Okomu and Presco Oil palm industries were purposively selected because both are typical oil palm industries that are actively involved in human resource management. A Simple random sampling technique was used to select 40 respondents (employees) each from the list of workers of the two oil palm companies to make up a sample size of 80. However, only 39 and 34 of the returned copies of questionnaire from the

respondents in Presco and Okomu respectively were useful for the study.

The data collected were subjected to descriptive (use of frequency, percentage, mean, standard deviation) and inferential (t-test) statistical analysis.

**RESULTS AND DISCUSSION**

**Socioeconomic Characteristics**

Results in Table 1 showed the Socio- Economic characteristics of respondents Gender distribution: - Result showed that in Presco, males dominate with a percentage of 71.8%, while females are the majority in Okomu (73.5%). The result therefore suggests that both males and females work in oil palm industry. A possible reason why there were more males in Presco than in Okomu may be that Presco industry is more mechanized than Okomu oil palm industry in which case Okomu employs more female to do the manual work.

Age - Result shows that the dominating age bracket of 31-40 years are the same for both companies, with Presco having 56.4% and Okomu, 97.1%. This result suggests that most workers in palm oil industries are young and energetic.

**Marital Status:** - Result shows that majority of the employees from both companies are married. The percentage of married workers in Presco and Okomu are 59 and 67 respectively. This

result implies that employees have other responsibilities aside official work.

**Educational Level:** - The general result shows that respondents are fairly educated; 48.7% and 43.6% of workers in Presco have both secondary and tertiary education, while 26.5% and 38.2% of workers in Okomu have secondary and tertiary education. This will have an effect on the workers' overall efficiency in the oil palm industries.

**Working experience:** Result shows that majority of staff in both Okomu (70.6%) and Presco (58.9%) have spent 6-15 years in the oil palm companies. This will probably improve the companies' productivity and is an indication that staff are fairly taken care of to make them stay for such a period of time.

**Income status:** Results shows that the highest monthly salary level is between ₦20,001 and ₦50,000, for Presco (48.0%) and Okomu (47.1%). This could imply that the management of both companies might have been collaborating in fixing salary for their staff. However, the salary level is quite low which can have a negative effect on employees' job performance. According to Byars et al (2000), the organizational reward system often has a significant impact on employees' performance and job satisfaction. Therefore, salary of employees in oil palm companies should be increased so as to enhance better job performance.

**Table 1: Socioeconomic Characteristics of respondents**

Variables	PRESCO (n = 39)		OKOMU (n = 34)	
	Frequency	Percentage	Frequency	Percentage
<b>Gender</b>				
Male	28	71.8	9	26.5
Female	11	28.2	25	73.5
<b>Age</b>				
Below 30	4	10.3	-	-
31-40	22	56.4	33	97.1
41-50	10	25.6	1	2.9
Above 50	3	7.7	-	-
<b>Marital Status</b>				
Single	15	38.5	11	32.3
Married	23	59.0	23	67.6
Separated	1	2.6	-	-
<b>Educational Level</b>				
Primary Education	3	7.7	12	35.3
Secondary Education	19	48.7	9	26.5
Tertiary Education	17	43.6	13	38.2
<b>Working Experience</b>				
Less Than 6 Years	5	12.8	7	20.6
6-10 Years	16	41.0	12	35.3
11-15 Years	7	17.9	12	35.3
16-20 Years	2	5.1	3	8.8
Greater Than 20 Years	9	23.1	-	-
<b>Income (₦)</b>				
Less than ₦20,001	9	23.1	9	26.5
₦20,001 – ₦50,000	19	48.7	16	47.1
₦50,001 – ₦100,000	1	2.6	1	2.9

**Nature of Management - Employee Relationship in Okomu and Presco Companies**

Table 2 shows the nature of management - employee relationship. Results showed that rules are followed rigidly ( $\bar{x}=2.27$ ), clear instructions are also given to employees ( $\bar{x}=2.26$ ), and managers guide actions of the employees ( $\bar{x}=2.12$ ). However while in Presco, rules are followed rigidly ( $\bar{x}=2.10$ ), in Okomu, rules are not followed rigidly ( $\bar{x}=2.47$ ), instructions are clearly given ( $\bar{x}=2.68$ ), the

management also guides employees ( $\bar{x}=2.53$ ) and relationship is also formal ( $\bar{x}=2.09$ ). This implies that Okhomu Oil Palm Company has a better management- employee relationship than Presco Oil Palm Company. According to Pieterse (2008), Management-Employee relationship will improve productivity by improving employee morale, loyalty, turn around and communication. So there is the need to improve management- employee relationship.

**Table 2: Nature of Management-Employee Relationship in Okomu and Presco**

Nature of relationship	PRESCO		OKHOMU		TOTAL	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Rules are Followed Rigidly	2.10*	0.9	2.47*	0.8	2.27*	0.9
Clear Instruction	1.90	0.7	2.68*	0.7	2.26*	0.8
Management Guides Employee	1.77	0.7	2.53*	0.9	2.12*	0.9
Formal	1.64	0.8	2.09*	0.7	1.85	0.8
Flexible	1.31	0.6	1.74	0.7	1.51	0.6
Effective Communication	1.54	0.8	1.76	0.9	1.64	0.8

Likert scale: Always= 3, Sometimes= 2, Never= 1

**Management System Practices in Okomu and Presco Companies**

Table 3 shows the management practices of both Okomu and Presco companies. The result indicated that management gives necessary criticism/ discipline ( $\bar{x}=3.12$ ). However, respondents in Okomu agreed that management gives necessary criticism ( $\bar{x}=4.12$ ), while Presco respondents did not agree to that ( $\bar{x}=2.18$ ), suggesting that the actions of employees are not

generally criticized. The result from the table also indicates that decision making and planning are done only by management. This implies that the management system practiced in oil palm companies is autocratic. Okoh (1998) described autocratic management system as using authority to compel workers to do what they are told, thereby restricting them from participating in decision making. He further suggested that for the purpose of motivation and effective job performance, the democratic management system or leadership style is ideal.

**Table 3: Management Systems Practiced in Okomu and Presco**

Management Systems	PRESCO		OKOMU		TOTAL	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Management gives Necessary Criticisms and Discipline	2.18	1.6	4.21*	0.9	3.12*	1.7
Employees Participate in Planning	1.51	1.1	1.76	0.9	1.63	1.0
Employees are Left to Take Actions	1.85	1.2	1.68	0.8	1.77	1.0
Decision Making & Planning are Done by both Employees and Management	1.33	0.9	1.26	0.6	1.30	.8

Likert scale: Strongly agree=5, Agree=4, No response=3, Disagree=2, Strongly disagree=1.

**Hypothesis Testing: There is no significant difference between Presco and Okomu Human Resource Management.**

Table 4 expresses the difference between Presco and Okomu Human Resource Management in terms of management- employee relationship and

management system used. Result showed that there is a significant difference between Presco and Okomu in terms of management- employee relationship ( $t= 4.860, P< 0.05$ ) as this is better practiced in Okomu than Presco. There is also a significant difference between management system

practices in Okomu and Presco ( $t=3.054, P< 0.05$ ) as is better in Okomu than Presco. The probable reason for this could be the management practices adopted in the two companies. It is expected that a company

that provides criticism to its staff may have better discipline and therefore better productivity than the one not providing criticism.

**Table 4: Difference between Presco and Okomu Human Resource Management.**

Variables	Company	Mean score	Mean difference	t-value	Sig level (2-tailed)
Management	Presco	10.26	3.008	4.860	0.000*
Employee Relationship	Okomu	13.26			
Management System	Presco	8.15	2.434	3.054	0.003*
	Okomu	10.59			

Source: Field Survey; \*Significant at  $p \leq 0.05$

### CONCLUSION

The key factor of any organization is improving their human resource. The study has shown that the management of Oil Palm Companies takes decision only without involving the employees which is a form of autocratic management system. Also the study established that proper management-employee relationships are not maintained in these companies.

### RECOMMENDATIONS

Based on the findings of this study, the following recommendations are made;

- 1 Management should create a certain level of informal relationship that would enable them to share a cordial relationship with their employees. This would give management an insight into the appropriate and specific factors that motivate workers.
- 2 Democratic system of management is of great essence in an organization as it would make workers exhibit their potentials and initiatives. This would also enable workers partake in decision making that would be beneficial to the company.

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