



Personnel Management and Employee Performance: A Case Study of Olist Company, Lagos State

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Abstract

An essential aspect of organizational performance is the effective management of employees. Both private and public sector organizations rely on a combination of key resources, including human capital, materials, finances, machinery, and information. The successful integration and utilization of these resources are crucial for enhancing employee performance. This research was conducted in Lagos State to evaluate the influence of personnel management on employee performance at Olist company. A simple random sampling method was employed to select 125 marketing employees from Olist, representing 5% of the company's total workforce. A self-designed questionnaire, titled *The Impact of Personnel Management on Employee Performance Questionnaire (TIPMEPQ)*, served as the primary data collection tool. Data analysis was performed using frequency distribution and percentages to answer the research questions, while Pearson's correlation coefficient at a 0.05 significance level was applied to test the hypotheses. The findings revealed that effective personnel management significantly influences employee performance, particularly at Olist, thereby enhancing organizational productivity. Personnel management involves the recruitment and optimal utilization of human resources, which, when properly managed, can propel an organization toward its goals. For optimal performance, human resources, the most dynamic of all organizational assets, must be appropriately valued and supported. The study recommends regular payment of employee salaries and the provision of recognition through bonuses and incentives to acknowledge workers' contributions.

Keywords: Personnel Management, Employee Performance, Organizational Productivity.

Introduction

In today's rapidly changing business landscape, challenges such as globalization, advancing technologies, cost management, emerging workplace issues, and the effective handling of knowledge are pushing industries and disciplines to evolve. Over recent decades, managerial terms, especially in People Management, have undergone significant transformation. One of the most notable shifts is the evolution from the traditional concept of Personnel Management (PM) to the more progressive and strategic approach of Human Resource Management (HRM). Unlike its predecessor, HRM centers on a human-focused philosophy that places employees at the heart of organizational strategies. By leveraging the skills, knowledge, and abilities of employees, HRM practices aim to achieve a competitive advantage and emphasize the strategic importance of HR departments in modern organizations. In an increasingly globalized marketplace, where technology and capital are readily accessible, HR has become a critical differentiator for businesses seeking sustainable success, with human resources being the only factor capable of changing an organization's future (Dwivedi, 2016).

A key factor in organizational performance is the management of workers. Both private and public sector organizations depend on resources such as human capital, materials, finances, machinery, and information to operate effectively. The optimal utilization of these resources, particularly human capital, is crucial for achieving high employee performance. Personnel management, a vital component of employee performance, remains one of the most complex and significant areas in organizational management. According to Gospel (2019), personnel management focuses on how people are managed within organizations, encompassing policies and systems that guide employee-related decisions. This function covers a wide range of activities, including recruitment, training

and development, performance evaluation, and compensation management. As Atteya (2022) defines, personnel management involves analyzing and managing an organization's human resources to ensure the achievement of strategic objectives. This suggests that organizations can only achieve their goals when personnel are properly managed and supported. Dessler (2018) also views personnel management as the set of policies and practices involved in managing the human resources aspects of a business, including recruitment, screening, training, and performance appraisal.

Personnel, the collective workforce of an organization, whether permanent, temporary, or contracted, represents the most important organizational resource. Therefore, an organization must ensure it has the right number and type of employees and manage them effectively to achieve both individual and organizational goals. Since the early 2000s, the field of personnel management has undergone rapid transformation, driven by technological innovations and shifting business environments. How an organization manages its workforce can directly impact employee performance. Personnel management practices such as employee participation, empowerment, job redesign, team-based systems, extensive training, and performance-linked incentives are all believed to enhance employee performance (Pfeffer, 2022). To boost employee performance, organizations can adopt various personnel management practices that not only improve employee skills but also motivate them to reach organizational goals. Providing comprehensive training and development opportunities has been shown to lead to beneficial outcomes for organizations (Bartel, 2022; Knoke & Kalleberg, 2022). However, the effectiveness of skilled employees is limited if they are not motivated. Merit-based pay and incentive compensation systems reward employees for achieving specific goals, further enhancing their motivation and performance (Gerhart & Milkovich, 2020). Personnel management explicitly recognizes that in today's globally competitive industrial environment, employees' efforts must align with the organization's strategic objectives (Dessler, 2018).

The concept of performance-related pay is grounded in psychological theories, notably those of behaviorists such as B.F. Skinner, who argued that learning occurs through positive and negative reinforcement. In this context, rewards and praise are used to encourage desirable behaviors, while punishment can deter undesirable actions. F.W. Taylor applied these theories to the workplace, advocating for piece-rate payments as a method to align employee behavior with organizational goals. However, expectancy and goal-setting theories, which emphasize the cognitive processes employees engage in, argue that motivation stems from anticipating future achievements rather than focusing on past actions. This shift highlights the importance of employees' expectations and aspirations in driving workplace performance.

Implementing performance-related pay (PRP) alone is not a guaranteed solution for boosting employee motivation and productivity, as it is widely recognized that for many individuals, cash incentives are not the primary driver of job satisfaction. The effectiveness of PRP varies significantly across organizations, with some adopting it only to eventually discontinue its use. When PRP is implemented, it should be combined with other strategies aimed at enhancing employee performance (Chartered Management Institute, 2013). Recently, many managers have embraced the term "Human Resources" to describe employees, although a few still prefer the traditional term "personnel." Parker (2021) suggests that while terminology may seem less important at one level, the evolution of how we manage people in the workplace over the past fifteen years highlights the importance of adopting contemporary language. A reluctance to use the term "human resources" could signal an unwillingness to recognize and leverage recent advancements in management practices.

For organizations to achieve their objectives effectively, it is essential that human resources, the most dynamic asset are given the proper recognition. Employee performance is a key factor for both individuals and the overall success of an organization. Armstrong (2010) asserts that employee performance can be measured in terms of both the outcomes produced and the behaviors exhibited. Thus, employee performance reflects what an employee does or fails to do. In this context, this study seeks to explore the connection between personnel management and employee performance. Recruiting and selecting high-potential employees does not guarantee high performance. Even motivated individuals may struggle to perform effectively if they are unclear about what is expected of them or how to carry out their tasks. Consequently, organizations must focus on effectively managing their personnel to ensure that employees understand their roles and possess the necessary skills. Personnel management, as a strategic investment, should lead to improved employee productivity. This raises the question: Does personnel management truly enhance performance? In an increasingly competitive business environment, organizations are in search of high-performing employees, making personnel management critical. Do various personnel management practices, such as training, performance-related pay, empowerment, job design, and job security, truly contribute to improving employee performance and overall productivity?

Literature Review

Concept of Personnel Management

Personnel management involves overseeing the human resources within an organization, with a primary focus on fostering positive working relationships and promoting both individual and collective development. It encompasses the strategic hiring, utilization, and ongoing management of human capital to create an efficient and harmonious workplace. As a key component of general management, personnel management addresses the human dynamics within an organization and is pivotal in planning and guiding the workforce. It is concerned not only with human relationships but also with managing the material aspects of an organization's operations (Campbell, 2021). Managing human resources, often considered the most complex challenge in management, is essential for achieving organizational goals. Robert Owen, recognized as the father of modern personnel management, made notable contributions as early as 1813, advocating that the working conditions both on and off the job significantly impacted employee productivity.

Personnel management is a crucial administrative function that serves to fulfill the staffing needs of an organization and ensures effective employee-employer relations. This function involves the acquisition, utilization, and retention of satisfied employees while maintaining fair employment terms and conditions. By managing personnel activities efficiently, personnel management supports the smooth operation of various organizational departments (Lawler, 2017). When managed well, the fair treatment of employees and the pursuit of efficiency can contribute significantly to the overall success of the organization. While "personnel management" is an older term, it encompasses many functions now typically referred to as Human Resources. These functions include recruitment, hiring, compensation, benefits, employee orientation, training, and performance appraisals. Personnel management also involves the development and implementation of policies designed to create an organized and supportive workplace. Although the term is becoming less common, its principles remain fundamental in modern business organizations.

A Vital Metric of Employee Performance

Employee performance has long been a critical concern for both organizations and researchers, who continuously explore strategies to enhance productivity and job satisfaction. Job performance refers to the actions and behaviors of employees in relation to the organization's goals (Kaufman, 2010). It can be defined as the outcomes or contributions employees make toward achieving organizational objectives (Herbert, John, and Lee, 2016). Performance is also a reflection of an organization's success in processes, results, and relevance (Uganda National Development Program, 2015). Atteya (2022) defines performance as the accomplishment of specific tasks measured against established standards, such as accuracy, completeness, cost-effectiveness, and speed. Positive employee performance may be evident in increased productivity, the effective use of new technologies, and a highly motivated workforce.

The Impact of Personnel Management on Employee Performance

Effective personnel management plays a crucial role in an organization's success. The selection of the right personnel, aligned with the organization's values and goals, is foundational. However, recruitment alone is not sufficient; it is equally important to provide proper training and clear expectations for employees' roles and responsibilities. Furthermore, employees should receive compensation that reflects their contributions and ensures opportunities for career advancement. A recognition of hard work and achievement can serve as a powerful incentive (Guest, 2021). Job security is another critical factor that influences employee performance. A stable and secure work environment can motivate employees to perform at their best. However, an employer must avoid complacency, as it can undermine initiative and reduce the drive for exceptional service. This is often observed in government sectors where promotions are tied to tenure rather than individual performance. Employers who prioritize employee security without stifling motivation can create a more dynamic and effective workforce. Personnel management is an essential function for achieving organizational success. By selecting the right people, providing proper training, fostering a secure work environment, and recognizing employee contributions, organizations can optimize performance and ensure long-term success.

Personnel Management Objectives

Personnel management aims to optimize productivity and profitability within an organization by maximizing the contributions of its staff. This is achieved by ensuring that each employee provides their best possible performance, particularly in settings such as libraries. A key aspect of personnel management is facilitating the growth of employees' potential. By creating an environment that promotes job satisfaction, personnel

management helps employees develop to their fullest capacity, which ultimately benefits the organization through their enhanced contributions. Another vital goal is the cultivation of teamwork and cooperation among employees. Personnel management encourages a spirit of collaboration, making workers feel that their collective efforts are instrumental in achieving organizational objectives. This sense of shared accomplishment fosters a positive and productive work culture. Furthermore, personnel management is not a task that can be approached intermittently. Unlike functions that can be carried out sporadically, it requires continuous and dedicated attention. The importance of human relations must be recognized and maintained throughout day-to-day operations, ensuring that these relationships remain central to the functioning of the organization.

Personnel management encompasses a wide range of essential functions, including job analysis, job evaluation, staffing, recruitment, and selection. Additionally, it involves the use of various testing methods, employee placement, induction, training, and the administration of wages and salaries. These functions together form the core activities that enable personnel management to effectively support an organization. To ensure smooth operations, personnel management in organizations involves several key activities. First, it is responsible for developing policies and strategies that guide the overall management of employees and organizational activities. The process of staffing involves identifying, recruiting, selecting, and placing individuals in positions where they can contribute most effectively. Personnel management also oversees the working conditions to ensure that employees are able to work productively and efficiently. In addition to managing work conditions, it provides various services that support employees in their professional growth, which, in turn, enhances overall organizational efficiency. Finally, personnel management includes regular reviews and performance appraisals, ensuring the maintenance of accurate personnel records, and conducting research to improve management practices continuously.

This study aims to investigate the relationship between personnel management and employee performance within organizations. The specific objectives of the study include:

- To examine the role of personnel management in shaping employee performance.
- To assess the impact of personnel management practices on employee performance.
- To identify the challenges associated with personnel management.

Hypothesis: There is no significant relationship between personnel management and employee performance.

Methodology

The study employed a descriptive survey research design, as it focused on examining the impact of personnel management on employee performance. This design was chosen due to its suitability for gathering and analyzing data on this particular subject. The research targeted a population of 2,500 marketing staff employed by Olist Company, located in Lagos State. To determine the sample size, the study followed Nwana's (in Nwagu, 2005) recommendations for selecting an appropriate sample based on population size. For a population of several thousand, the guideline suggested a sample size of 5%. Consequently, the sample for this study consisted of 125 employees from Olist Company. A self-constructed questionnaire, titled "The Impact of Personnel Management on Employee's Performance Questionnaire" (TIPMEPQ), was utilized as the research instrument. The questionnaire was designed to gather the respondents' views on personnel management and its effect on their performance, using a simple two-point Likert scale (Yes or No) for responses. To analyze the data, the study employed frequency distribution and percentages to address the research questions. For testing the research hypotheses, Pearson Product Moment Correlation was used to evaluate the relationships between variables.

Results

Analysis of research problems

Research question 1

To examine personnel management and employees performance

Table 1: Responses on personnel management and employees performance N=125

S/N	personnel management and employees performance	Yes	%	No	%
1	Salaries are paid as at when due	90	72	35	28
2	Our health condition is paramount to the organization	45	36	80	64
3	Incentives are paid to increase outcome	30	24	95	76
4	Bonuses are given for hard work	100	80	25	20
5	Team work is encouraged	98	78.4	27	21.6
6	Optimum output is always needed	125	100	-	-

As seen in Table 1, respondents believe that salaries, incentives, bonuses, teamwork, and the encouragement of optimal output are important and necessary within the organization. These elements are key aspects of personnel

management that contribute to employee performance. However, it is also noted that the management does not prioritize the health and well-being of employees, as there appears to be little or no attention given to their health condition within the organization.

Research question 2

To examine problems of personnel management towards employees performance

Table 2: Responses on problems of personnel management N=125

S/N	Problems of personnel management	Yes	%	No	%
1	Salaries are not paid regularly	102	81.6	23	18.4
2	Our health condition is not paramount to the organization	93	74.4	32	25.6
3	Incentives are not paid even when outcome increases	110	88.0	15	12.0
4	Bonuses are not given for hard work	90	72	35	28
5	Team work is not encouraged	11	8.8	114	91.2
6	Optimum output is always needed	123	98.4	2	1.6

As shown in Table 2, respondents indicate that the challenges they face include delayed salaries, poor health conditions, unpaid incentives, and a lack of bonuses. Despite these issues, they emphasize the importance of teamwork and optimal output. These problems suggest that employees feel the personnel management practices are not well-structured or adequately addressed by the management.

Analysis of research hypothesis

H₀₁: There is no significant relationship between personnel management and employees performance.

Table 3:

Pearson Product-Moment Correlation on the Relationship between Personnel Management and Employees Performance.

Variables	$\sum x$ $\sum y$	$\sum x^2$ $\sum y^2$	$\sum xy$	r – cal	Remark
Personnel management (X)	488	976	750	2.26	Accept
Employees'performance (Y)	262	524			

Table 3 illustrates that the null hypothesis, based on the Pearson Product-Moment Correlation of the relationship between personnel management and employee performance, was rejected at a 0.05 level of significance with 123 degrees of freedom, which is considered infinite. Therefore, there is a significant relationship between personnel management and employee performance at Olist Company.

Discussion

Research has revealed that personnel management significantly influences employee performance within organizations, particularly in Olist Company, contributing to overall organizational productivity. Personnel management focuses on recruiting and effectively utilizing human resources. It is a vital aspect of general management that addresses the human relationships within an organization. According to the findings in Table 1, Olist Company prioritizes employee salaries, incentives, and bonuses, and fosters teamwork and optimal performance. These personnel management practices are seen as key motivators for enhancing employee performance.

However, Table 2 highlights that despite the positive impact of personnel management, employees still face several challenges that hinder their full potential. These issues include irregular salary payments, insufficient attention to employee health, and the absence of bonuses and incentives for their efforts. Despite these concerns, employees still value teamwork and strive for optimal output. The findings suggest that personnel management plays a crucial role in shaping organizational success, and it is essential that employee roles and responsibilities are clearly defined. Furthermore, salaries should be appropriately set to ensure that employees feel valued and motivated, preventing feelings of stagnation and lack of advancement.

Conclusion

For any organization to achieve its objectives effectively and efficiently, human resources is considered the most dynamic asset must be given proper attention. Employee performance is critical not only for the individual worker but also for the organization as a whole. Armstrong (2010) argues that employee performance should be

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evaluated in terms of both outcomes and behavior. By understanding and addressing the needs of employees, organizations can motivate them to perform at their best, leading to better overall results.

Recommendations

Based on the findings of the study, the following recommendations are made:

1. Employee salaries should be paid consistently and on time.
2. Employees should be rewarded for their contributions with bonuses and incentives.
3. Management should establish a health scheme to support employees' well-being.
4. Teamwork and maximum productivity should always be encouraged by the management.

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