Situation Analysis of Employee Relations and Employee Commitment in the Nigerian Brewery Industry

Christiana B. Nsien, Ph.D1, Michael B. Effiom2, Victor A. Umoh Ph.D1*

1 Department of Business Education, College of Education, Afaha Nsit, Nigeria
2 & 3 Department of Business Management, University of Uyo, Uyo, Nigeria
*Corresponding Author

Abstract: This study investigated current situation of employee relations and employee commitment in the Nigerian Brewery Industry using two firms. These were Intafact Beverages Limited – (SABMiller) Onitsha, representing South East and Champion Brewery plc, Uyo representing South South. The study was a survey and made use of questionnaire in obtaining data from middle and senior staff of these firms. The population of study was 106; a census study was conducted. The survey achieved 77% response rate. The analysis of data was done with descriptive and inferential statistics. The former used percentage method while the latter used multiple regression. The test of hypotheses in the study indicated that employee relations variables of conflict resolution, employee empowerment, employee compensation and employee voice significantly determined employee commitment in the Nigerian Brewery Industry. The model summary reported an adjusted R² of 78.9%. It was recommended that breweries in Nigeria improve upon resolving conflicts in the area of doing that promptly and the approach followed; that breweries empower their employees to have some level of control over their work, deploy delegation of responsibility and encourage employee participation in decision making; that breweries improve upon compensation package offered their employees to make it motivating and so induce their commitment and that breweries recognize employees’ position on issues, incorporate their suggestions into operations management and generally improve upon its communication with employees.

Keywords: Employee Relations, Employee Commitment, Nigerian Brewery Industry, Breweries

I. INTRODUCTION

These days Employee Relationship (ER) is being used in the place of industrial relationship to describe how employers and employees relate. Bajaj, Sinha and Tiwan (2013) see the concept as dealing with relationship in existence between the employer and employees targeted at having in place morale, trust as well as commitment that will bring about such atmosphere that is both productive and secured. The concept of ER is also seen as that process utilized by enterprises to achieve effectiveness in the management of employee interactions chiefly for the purpose of actualizing set goals (Oluchi, 2013).

According to Pareek and Rai (2012), ER stresses the need for effectiveness in communication, seeing it as capable of soaring up the confidence of employees, their loyalty and trust. Yongcai(2010) hints that ER concerns sundry dimensions of human resource management. The use of ER in firms these days is seen as contributing greatly to offering both employers and their employees mutual values such as optimum satisfaction enjoyed by employees, retention, increase in attraction of staff and impressive job attitudes enjoyed by employers. Therefore, with a positive employer-employee relationship, employee becomes happier with resulting increase in employee commitment while also demonstrating willingness to remain with the organization, indicating how employees feel about their employer.

Employee Commitment is seen as a psychological state that binds an employee to an enterprise thereby reducing the issue of deciding to leave the organization but willingly choosing to remain with it(Meyer and Herscovitch, 2001). Following this explanation, these authors identify three types of commitment: Affective, continuance and normative. Affective commitment of the employee implies that the employee is emotionally attached to the enterprise. Continuance commitment of the employee implies that the decision by the employee to remain with its employer is because of what he/she considers as possible negative consequence of not remaining with the organization. Normative commitment of the employee indicates his/her obligation to remain with its employer.

1.2 Statement of the Problem

Business organizations need committed employees. With committed organizational members, business organizations can be assured of employees with the right job attitudes that will not only facilitate its ability to deliver on its mission, but also secure competitive advantage. In particular, firms in the Nigerian brewery industry would need employees who are highly committed to their jobs and who display consistently favourable positive work attitudes towards service delivery. This is crucial owing to the fact that the industry is very competitive, hence would require employees that are adjudged committed and who can drive the service of their organization.
toward superior service delivery, goal attainment and a comfortable competitive position in the industry. An analysis of employee relations and employee commitment in the Nigerian brewery industry has not been attempted by researchers. Research interests in this area appear more focused on government and other business sectors. Presently, there is lack of complementary researches on initiatives used by breweries in Nigeria in dealing with conflict situations; in the same vein, current situation on employee compensation, employee empowerment and employee voice, all key issues in employee relations have not been explored in the context of brewing firms in Nigeria. However, these same issues account for the level of employee commitment in firms. Since unhappy employees would naturally not deliver service to customers’ satisfaction which by extension implies the firm is losing business from dissatisfied clients. This research effort is therefore aimed at revealing current reality of employee relations and employee commitment in the Nigerian Brewery Industry.

1.3 Research Objectives

The following constituted objectives of this study; they were to:

i. Investigate how conflict resolution mechanism determines employees’ commitment in brewing firms in Nigeria.
ii. Examine how employee empowerment influences employees commitment in brewing firms in Nigeria.
iii. Investigate how compensation management impacts employees commitment in brewing firms in Nigeria.
iv. Examine how employee voice affects employees commitment in brewing firms in Nigeria.

1.4 Research Hypothesis

In this study, the hypotheses that have been formulated are:

Ho1: Conflict resolution mechanism does not significantly determine employees’ commitment in brewing firms in Nigeria.

Ho2: Employee empowerment does not significantly influence employees commitment in brewing firms in Nigeria.

Ho3: Compensation management does not significantly impact employees’ commitment in brewing firms in Nigeria.

Ho4: Employee voice does not significantly influence employees’ commitment in brewing firms in Nigeria.

II. LITERATURE REVIEW

2.1 Employee Relations and Employee Commitment

Employee relations focuses on regulating and controlling relationships in the places of work; specifically, this relationship involves employers and employees or their representatives. Ideals with how tasks are organized in the enterprise. Gospel and Palmer (2004) see ER as integrating economic, political as well as social interactions in work setting involving provision of labour by employees in employment contract as well as those institutions put in place for the governance of relations in organizations.

Barry and Wilkinson (2011) are of the opinion that ER deals with issues of conflict of interests existing between employers and their employees. By implementing employee relations, the firm is able to improve their workers’ skill as well as resolve conflicts thus positively influencing operational results (Allan, Dungan and Peetz, 2010). In organizations, the key issues in employee relations include conflict resolution, employee empowerment, employee compensation and employee voice.

Conflict resolution is a key aspect of employee relations which aid actors in the relationship to communicate well, have effective negotiation, consider and assess solutions as well as resolve disputes in the workplace. In organizational settings, inter-personal, intragroup, intergroup, and intrapersonal, intra-organizational and inter-organizational levels of conflict are common (Olakunle, 2008). Managing these conflicts effectively enhances organizational performance (Njau, 2012).

The resolution of conflicts may take many forms. In the case of negotiation, parties in conflict and negotiators resolve such conflict in line with best terms they respectively have; this implies reaching conflict resolution based on the various parties’ interests thus stimulating increased motivation among them which in turn influences productivity. In the case of mediation, a structured process in followed in managing conflict; such process uses collaboration aimed at achieving a win-win result; the process is usually managed by a mediator selected by the parties in conflict; however, the mediator’s authority is not binding on the parties. In the case of arbitration, parties to conflict select an arbitrator expected to serve as a private judge and who would conduct a hearing for them before issuing a decision referred to as an ‘award’ which is binding on the parties.

Employee empowerment deals with delegating authority to employees, allowing employees to take part in organizational decision making process, sharing of information and resources, allowing employees to have control over their work. Shulagna (2009) cautions that concentrating too much decision making power on the executive would negatively hamper flexibility and timely response to issues at subordinate levels of the enterprise. Kondall (2009) opines that empowerment brings about inner motivation for employees, their commitment and knowledge on their jobs.

Employee compensation is another aspect of employee relations in firms, with the concern of rewarding employees. This reward may come in the form of money or otherwise. The compensation of employees by organization differs. Compensation may include fixed pay which comes the way of employees monthly; allowances may include transport allowance, house allowance, risk allowance, among others; incentives such as performance based pay, commission,
Employee Commitment is required of employees for the organization to achieve its goals. It is what is needed to bind the employee to its organization. Without commitment on the part of workers, their retention cannot be guaranteed. Employee commitment can be affective, continuance or normative. Affective commitment deals with being emotionally attached to the organization. Continuance commitment explains the decision to continue one’s stay with the organization so as to avoid unpleasant consequences. Normative commitment deals with a worker’s obligation to retain his/her services with current organization.

2.2 Theoretical Review

This study is based on Social Exchange Theory (SET), introduced by Blau (1964). According to the theory, people would voluntarily behave in some ways or do certain things based on the expectations of having in return a positive reciprocal behavior from those they are dealing with. As a theory, SET reasons that human relationships come into being through a subjective cost(such as money, time, lost opportunity)-benefit (such as financial gains, emotional comfort, social status) analysis as well as comparing alternatives; it is based on the individuals’ voluntary actions and not on formal contracts (Zhang, Tsui, Song, Li and Jia, 2008). The theory is useful in predicting the influence of management practice on the attitudes of employees. These attitudes may include commitment, effectiveness, among others. Thus, positive exchange in the workplace can bring about benefits to both employees and employers (Zhang et al 2008). These authors argue that by utilizing high – commitment human resource management strategy, employees may be positively influenced to see the enterprise being as being supporting and caring thus being committed to it. The theory therefore, provides insight on employment relations in organizations and was considered suitable for use in this study.

2.3 Empirical Review

Mojaye and Dedekuma (2015) whose investigation focused on influence of communication on industrial harmony in the case of Delta State Civil Service established an existing association between communication and industrial peace. Also, Ngari and Agusioma(2016) in their research on dispute resolution and performance of the organization revealed that disputes were common in organizations with resultant negative effect on employee productivity and growth of the organization. Again, Fejoh (2015) explored how industrial democracy determined job satisfaction among public health workers in Ogun State of Nigeria and established that industrial democracy positively and significantly determined job satisfaction. In yet another study, Nkinebari (2015) found that employee engagement and harmony in the place of work were significantly related. Similarly, Tarel and Seth (2014) who examined joint consultation and commitment of employees in banks in Nigeria established that using joint consultation induced employees to be emotionally attached to their institutions.

III. METHODOLOGY AND DATA

This study made use of the survey research design. This design became appropriate so as to obtain required information from respondents who were workers at Inafact Beverage Limited (SAB Miller), Onitsha, Anambra State and Champion Brewery Plc, Uyo, Akwa Ibom State respectively representing South East and South South zones of Nigeria. The combined population of this study was 106 which represented middle and senior management staff strength of the firms surveyed (67 for SAB Miller Limited ; 39 for Champion Brewery Plc). Owing to the smallest of the population, a census study was selected. Thus population was administered with copies of the questionnaire that centered on employee relations and employee commitment and designed to reflect 5 – point Likert scale of strongly Agree (SA = 5); Agree(A = 4); Disagree (DA = 3); Strongly Disagree (SD = 2) and undecided (UN = 1). The methods used in analyzing data sourced from the field were descriptive and inferential statistics. Out of 106 copies of questionnaires administered, 82 (77%) were returned and used in analysis. Percentage analysis represented descriptive analysis while simple regression analysis represented inferential statistics.
3.1 Data Analysis

Table 1: Analysis of conflict Resolution

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>UN</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my organization, we experience conflicts</td>
<td>21</td>
<td>33</td>
<td>18</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>(26.61%)</td>
<td>(40.24%)</td>
<td>(21.95%)</td>
<td>(4.87%)</td>
<td>(7.32%)</td>
<td></td>
</tr>
<tr>
<td>Our organization resolves conflicts in a timely manner</td>
<td>17</td>
<td>29</td>
<td>26</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>(20.73%)</td>
<td>(35.4%)</td>
<td>(31.71%)</td>
<td>(9.76%)</td>
<td>(2.44%)</td>
<td></td>
</tr>
<tr>
<td>I am in full support of the conflict resolution approach in use in my organization hence my commitment to the organization</td>
<td>14</td>
<td>31</td>
<td>29</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>(17.1%)</td>
<td>(37.8%)</td>
<td>(35.4%)</td>
<td>(6.1%)</td>
<td>(3.65%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019

In Table 1, majority of respondents strongly agreed 21(26.61%) and agreed 33(40.24%) to the statement that their organization experiences conflicts; 18(21.95%) and 4(4.87%) disagreed and strongly disagreed while 6(7.32%) were undecided. Again, 17(20.73%) respondents strongly agreed and 29(35.4%) agreed to the statement that their organization resolves conflicts in a timely manner; 26 (31.71%) and 8(9.76%) respondents disagreed and strongly disagreed while 2(2.44%) could not decide.

Further, 14(17.1%) and 31(37.8%) respondents indicated that they were in full support of the conflict resolution approach used by their organization hence their commitment to the organization; 29(35.4%) and 5(6.1%) respondents disagreed and strongly disagreed as 3(3.65%) were undecided. This analysis indicated that the studied firms experience conflicts 54(65.85%); only fairly resolves conflicts 46(56.10%) and that the respondents at best would support their organizations approach to conflict result hence their commitment 45(54.88%).

Table 2: Analysis of Employee Empowerment

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>UN</th>
</tr>
</thead>
<tbody>
<tr>
<td>As employees, we have control over our work</td>
<td>11</td>
<td>17</td>
<td>28</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>(13.41%)</td>
<td>(20.73%)</td>
<td>(34.1%)</td>
<td>(26.83%)</td>
<td>(4.88%)</td>
<td></td>
</tr>
<tr>
<td>Delegation of responsibility is effectively used in my organization</td>
<td>13</td>
<td>24</td>
<td>16</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>(15.85%)</td>
<td>(29.27%)</td>
<td>(19.5%)</td>
<td>(32.93%)</td>
<td>(2.44%)</td>
<td></td>
</tr>
<tr>
<td>Employee participation in decision making is encouraged in my organization making majority of us to demonstrate a high level of organizational continued.</td>
<td>7</td>
<td>19</td>
<td>22</td>
<td>30</td>
<td>4</td>
</tr>
<tr>
<td>(8.54%)</td>
<td>(23.17%)</td>
<td>(26.83%)</td>
<td>(36.58%)</td>
<td>(4.88%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019

In Table 2, majority of respondents 28(34.15%) and 22(26.83%) disagreed and strongly disagreed to the statement that they had control over their work; 11(13.41%) and 17(20.73%) of the respondents strongly agreed and agreed to the statement while 4(4.88%) gave no opinion. Also, 16(19.51%) and 27(32.93%) of the respondents who were the majority indicated that dedication of responsibility was not being effectively used in their organization as 2(2.44%) were undecided. Similarly, 22(26.83%) and 30(36.58%) respondents accounting for the majority showed that employees’ participation in decision making was not encouraged hence did not boost their demonstration of high organizational commitment.

This analysis shows that workers in brewing firms in Nigeria did not have control over their work as majority 50(60.98%) of those surveyed indicated so; it also indicated that delegation of responsibility was not being effectively used in these firms as gathered from majority of respondents 43(52.44%). The analysis also suggests that workers’ participation in decision making was not encouraging and could not induce high organizational commitment as majority of respondents 52(63.41%) indicated.

Table 3: Employee Compensation

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>UN</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my organization both monetary and non-monetary compensations are given workers.</td>
<td>17</td>
<td>46</td>
<td>11</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>(20.73%)</td>
<td>(56.10%)</td>
<td>(13.41%)</td>
<td>(7.32%)</td>
<td>(2.44%)</td>
<td></td>
</tr>
<tr>
<td>I can confirm that what my employer gives me as my total compensation is quite motivating</td>
<td>13</td>
<td>19</td>
<td>30</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>(15.85%)</td>
<td>(23.17%)</td>
<td>(36.59%)</td>
<td>(17.0%)</td>
<td>(7.32%)</td>
<td></td>
</tr>
<tr>
<td>I am satisfied with my firm’s compensation such that it influences my commitment to the organization</td>
<td>9</td>
<td>14</td>
<td>33</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>(10.9%)</td>
<td>(17.07%)</td>
<td>(40.24%)</td>
<td>(21.95%)</td>
<td>(9.76%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019

In Table 3, majority of the respondents 17(20.74%) and 46(56.10%) strongly agreed and agreed to the statement that both monetary and non-monetary compensations were given workers in their organizations; 11(13.41%) and 6(7.32%) disagreed and strongly disagreed as 2(2.44%) gave no opinion. Also, majority of the respondents 30(36.59%) and 14(17.07%) indicated that their total motivation was not motivating; 13(15.85%) and 19(23.17%) said that total compensation was motivating while 6(7.32%) withheld their opinion on the issue. Furthermore, majority of the respondents 33(40.24%) and 18(21.95%) showed that they were not satisfied with their firm’s compensation and that this did not influence their commitment to the organization; 9(10.29%) and 16(17.07%) said they were satisfied with their firm’s compensation hence where committed to the organization even at 8(9.76%) failed to respond on this.

The analysis in Table 3 shows that brewing firms in Nigeria offer both monetary and non-monetary compensation to their employees.
worker, 63(76.83%) of the respondents gave the indication; it also shows that what is offered workers as total compensation brewery firms in Nigeria is not motivating. 44(53.66%) of the respondents revealed that it also indicated that 51(62.20%) of workers in brewing firms in Nigeria are not satisfied with their firm’s compensation and that their compensation does not induce commitment to their organization.

The analysis in Table 4 indicates that workers’ voice in brewing firms in Nigeria is only fair 42(51.22%); it also indicates that majority of the workers 45 (54.88%) were of the view that their suggestions are not being incorporated into operations management by brewing firms in Nigeria; the analysis also indicates that in the opinion of majority of respondents, only a fair assessment can be made of the two-way communication between management and workers in brewing firms in Nigeria as indicated by 43(52.44%) of them.

### 3.2 Test of Hypothesis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.893</td>
<td>.797</td>
<td>.789</td>
<td>.32644</td>
</tr>
</tbody>
</table>

a. Predicators: (Constant) conflict resolution, employee empowerment, employee compensation, employee voice

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>636.216</td>
<td>4</td>
<td>263.312</td>
<td>17.13</td>
<td>.006</td>
</tr>
<tr>
<td>Residual</td>
<td>59.827</td>
<td>80</td>
<td>.146</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>696.043</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: Employees’ commitment
b. Predictors (constant), conflict resolution, employee empowerment, employee compensation, employee voice

## Source:
Field Survey, 2019

In Table 4, 11(13.41%) and 31(37.80%) respondents strongly agreed and agreed to the statement that workers’ voice and position on issues can be expressed in their organization; 9(10.98%) and 28(34.15%) disagreed and strongly disagreed while 3(3.66%) withheld their opinion. Also, majority of the respondents 18(21.95%) and 27(32.93%) disagreed and strongly disagreed to show that workers’ suggestions are not being incorporated in operations management as 6(7.32%) could not supply their views. Also, majority of the respondents, 16(19.51%) and 23(28.05%) strongly agreed and agreed that there was a robust two-way communication between management and workers which can boost their commitment to the organization; 23(28.05%) and 15(18.29%) disagreed and strongly disagreed while 1(1.22%) respondent was undecided.

The regression analysis carried out in the study indicates that the model fits the study since f-statistics is significant. Again, the results indicated that all independent variables – conflict resolution, employee empowerment, employee compensation and employee voice have positive and significant effect on employees’ commitment in brewing firms in Nigeria since the p-values are less than 5%. Accordingly, all four null hypotheses formulated in the study were rejected. The $R^2 = .797$ indicated that, about 79.7% of variation in employees’ commitment in brewing firms in Nigeria can be explained by employee relations in these firms. However, other factors not included in the regression model accounted for the balance of 20.3% otherwise called the error term.

### IV. DISCUSSION OF FINDINGS

In the study, it has been established that employee relations significantly influenced employee commitment in brewing firms in Nigeria. Previous studies in the area variously
established the need for employee relations. They include, Mojaye and Dedekuma (2009) who established association between communication and industrial harmony; Nkinebaric (2014) whose survey on workplace democracy and industrial harmony established that having tall structured organizations created a gap between executive and labour with resultant negative influence on their relationship; Ngari and Agusioma (2013) whose research on dispute resolution and performance of organizations showed that disputes were common in organizations and had effect on employee morale, productivity and growth of the organization; Nkinebari(2015) who found that employee engagement and harmony in the place of work were significantly related; and Tarela and Seth (2014) whose study on the influence of joint consultation on employee commitment indicated a significant relationship.

V. CONCLUSION AND RECOMMENDATIONS

Having in place a cordial working relationship between employers and employees can be mutually beneficial to both parties. This study analysed the current situation of employee relations and employee commitment in the Nigerian Brewery Industry. In the study, employee relations variables used, namely conflict resolution, employee empowerment, employee compensation and employee voice, all significantly determined employee commitment. It is therefore safe to conclude that brewing firms in Nigeria having issue with inducing employee commitment which in turn determines business performance would have to look in the direction of these variables for possible solution. This study is limited in the sense that only two brewing firms were studied. More studies with expanded scope should be instrumented to justify generalization. Following the findings of this study, these recommendations target boosting employee commitment are made. They are:

i. Brewing firms in Nigeria have to improve upon resolving conflicts particularly in the area of doing that promptly and the approach which respondents assessed as being fair at the moment.

ii. Brewing firms in Nigeria are encouraged to empower employees to have some level of control over their work, deploy delegation of responsibility and also encourage employees to participate in decision making.

iii. Brewing firms in Nigeria should improve upon the compensation package offered their employees which at the moment is being seen by the employees as not motivating, hence do not induce their commitment.

iv. Brewing firms in Nigeria should do more by recognizing the expressed position of employees, incorporate their suggestions into operations management and generally improve upon its communication with employees.

REFERENCES