

IMPACT OF ORGANISATIONAL CULTURE ON RECRUITMENT AND SELECTION PRACTICES IN THE OIL AND GAS CONSTRUCTION INDUSTRY IN NIGERIA: SAIPEM IN FOCUS

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Abstract

This paper examined the impact of organisational culture in recruitment and selection practices in oil and gas construction industry in Nigeria. Saipem contracting Nigeria limited (SCNL) is chosen with its four on-going projects. Three pertinent research questions were raised and addressed of which one is: how often do you recruit and select employees in your Project? Descriptive statistics was used to analyse the data collected from 35 human resource practitioners in each of the three project sites and the operational Asset/Logistic Base of Saipem. This work covered three on-going projects carried by Saipem together with its operational asset/logistics base. The results showed that there are unique similarities and differences in the impact of organisational culture in the projects recruitment and selection practices. However, the impact is more on Saipem operational asset/logistics base than on the project base because recruitment and selection practices and the number of workforce are more in number than that of project base. SCNL recruitment practices are directly regulated and controlled by both the government and organisational culture. Its recruitment patterns are also contingent upon the perceived needs of the company more than the cultural influence. The findings revealed that the recruitment approaches and orientation of Saipem Contracting Nigeria Limited are impacted by the host communities' culture and external culture influence that are practiced in Nigeria. The study is relevant to every employer of labour as it highlights key areas they can improve upon to be able to reduce the impact of organisational cultural on recruitment and selection. Policy makers will benefit tremendously from the findings and recommendations of the study since it provides a well-grounded approach of addressing cultural influence on recruitment and selection practices in Nigeria.

Keywords: Organisational culture, Recruitment and Selection, Oil and Gas construction Industry, Human resources Management

Introduction

Recruitment and selection issues have been dominant discuss in organisations. Recruitment is the process of finding and engaging the people an organisation needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs (Armstrong, 2011). Recruitment is viewed as one of the key factors to organizations' growth and success. The profitability and survival of an organisation usually depends on the calibre of its employees (Wickramasinghe 2006). He states that the first step to ensuring the success of organisations is to make sure that employees possess the right qualities. This is to say that effective recruitment practice reduces labour turnover and enhances employee morale. This view point shows that effective recruitment and selection help in organisational profitability. Taylor (2006) defined recruitment as an activity which generates a pool of applicants wishing to be employed by an organization out of which suitable candidates are selected. Though there are ranges of activities and processes but irrespective of that, organization's recruitment and selection are believed to be powerfully impacted by culture (internal and external). Organisational cultures exert considerable influence on Human Resources practices (Kotter & Heskett 2009).

Ayoade (2000) opined that subjective recruitment, selection, appointment and promotion in some organisations are usually impacted by organisation's culture. He has it that this results in the recruitment of incompetent people in the workforce which will eventually lead to poor performance.

The way to get things done cannot be divorced from local values, customs, and the overall external cultural environment. In most cases these social, human, and environmental factors are as important as the financial and marketing considerations upon which organisations recruit and select their employees (Bowling, 2000).

The Oil and Gas construction industry was chosen for this study because it is very important in the socioeconomic development of developing economies like Nigeria. The Oil and Gas Construction industry, as Abiola-Oloke and Chinweze (2009) noted, has the unique ability to facilitate development of the nation by providing direct human needs, stimulating investment and generating employment which can accomplish organisations set objectives. The Oil and Gas construction industry is labour intensive and managing the human resources is tasking. The workforce/employees in this industry cut across the range of professionals like Pipeline/Fabrication team

(Pipe welders, Structural welders, Argon Welders, Duplex welders, Pipe fitters, Grinders) mechanics, electricians, plumbers, painters, Steel carpenters, carpenters, Erectors/Millwright, Riggers/Lifting team, HSE Professionals, etc.

The problem that necessitates this work is the ratio between Nigerian employees in Saipem and that of expatriate ration. This is seen as cultures that need to be checked by both federal government and host communities. Another problem is the redundancy culture operational in the organisation of study. This culture does not follow first –in, last out system (that is first to be recruited will be last to be placed on redundancy) when a specific project has been executed. Some of the problems found especially in the oil and gas construction industry include gender discrimination, undue community interference in the area of recruitment and selection and political class interference.

The paper sought to examine how organisational culture impact on the recruitment and selection of employee in Nigeria. It aimed at examining how often recruitment and selection takes place in the oil and gas construction industry. It seeks to know how recruitment and selection policies are adhered to in the area of study with particular interest in the ration between Nigerians and Expatriate recruitment. It seeks to know whether recruitment practices are based on Merits, quota system and/or by community/stakeholders' demand. It will also create awareness of workplace objectivity in recruitment and selection policies where they are not practiced. In view of this, the following research questions were raised;

1. How often do oil and gas construction industries recruit and select employees?
2. Do their recruitment practices adhere to organisational recruitment and selection policies?
3. Are employers aware of the impact of organisational culture on recruitment and selection?
4. What is the ratio of Expatriate to Nigerians in recruitment and selection in Saipem?

Impact of Organisational Culture in Recruitment and Selection

Organisational culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways people in organizations behave and do things. 'Values' refer to what is believed to be important about how people and organizations behave. 'Norms' are the unwritten rules of behaviour (Armstrong 2011).

Organizational culture is concerned with the subjective aspect of what goes on in organizations. Organisational Culture can have a significant influence on people's behaviour. The culture of an organization refers to the

unique configuration of norms, values, beliefs and ways of behaving that characterize the manner in which groups and individuals combine to get things done (Eldridge and Crombie 1974). Culture is the commonly held beliefs, attitudes and values that exist in an organization. Put more simply, culture is ‘the way we do things around here’.

Human Resource (HR) management is aimed at developing and implementing policies that provide a balance whilst considering the needs of different stakeholders in managing workforce recruitment and selection (Armstrong 2006). HRM practices could be improved by adopting effective recruitment in organizations that reflects organisational culture that is based on merit system (Taylor 2005). Merit system is the tendency for organisations to give objective, skilled and competent opportunities to all irrespective of race, sex, disability, age or marital status (Armstrong 2005). The workplaces in recent times are cumbered with various forms of cultural influence coupled with differing work ethics, deep-seated attitudes, opposing perspectives and diverse motivations (Owoyemi 2011).

The Chartered Institute of Personnel and Development (CIPD, 2009, 2010) Code of Conduct stipulates that the recruitment process should have an accurate and updated job description that does not discriminate against sex and avoid over inflated job criteria in terms of person specification. The code also covers areas like interview process, selection criteria, training and development and promotions. Armstrong (2009) observes that the assumption underpinning the practice of 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 firm performance.

The Attraction-Selection-Attrition (ASA) Model (Schneider, 1987; Schneider 1995) posits that job applicants will be attracted to and selected by those organisations whose values are similar. After entering, those employees whose values do not fit with the organisational values will either leave voluntarily or be removed by the organisation. Thus, the organisation will become homogeneous in terms of work values over time. It is feasible that job applicants will display desired values based on their knowledge about the organisational culture. Organisations can also project a nice image of their culture that is different from their actual functioning culture. Understanding each other’s values takes time and is mainly based on behavioural observation.

Sims (2002) defines HRM as “the philosophy, policies, procedures, and practices related to the management of an organisation’s employees”. HRM is essentially concerned with all the activities that contribute to successfully attracting, developing, motivating, and maintaining a high-

performing workforce that result in organizational success. Inyang (2001) considers HRM as “a set of organization-wide and people-oriented functions or activities deliberately designed to influence the effectiveness of employees in the organization”.

Recruitment and Selection in Nigeria

Recruitment and selection in Nigeria is largely governed by legal frameworks and provisions such as the Nigerian Labour Act of 1974 and the 1999 constitution of the Federal Republic of Nigeria. Hence, Oil and gas industries incorporate their recruitment and selection policies and procedure with that of the Nigerian Labour Act, Nigerian Local Content Act, 2010 and Factory act of 1990. Furthermore, communities where these oil and gas construction industries operate have stipulated Memorandum Of Understanding with the industries on how their host community members will be employed. This indirectly impact on the demand and skill base recruitment requirement by the companies (Ayoade 2000). HRM policies and practices are carried out within an economic, social, political and legal environment. Thus, there is a need for considerable historical and cultural insight into local conditions to understand the processes, philosophies and problems of national models of HRM (Hofstede 1993). The 1970s was the oil boom era. Since then the Nigerian economy has been dominated by the mining and quarrying sector (mainly oil).

Similarities and differences occur in the recruitment and selection practices in oil and gas construction industry which are reflected in the methods, budget, organization culture, skills and knowledge requirement. According to Greenfield (2007) the oil and gas construction industry is characterized by an aging workforce and high labour turnover. There is need to recruit others to replace the retiring workers. Most companies agreed with the host communities to base their employment on community quota system, which is part of organisational culture that impacts on recruitment and selection of employees. In the oil and gas industry, merit and competency in recruitments and selection is marred by organisational culture and personal interests such as preference by management, ethnic and social class influences (Fajana 2009).

Saipem Contracting Nigeria Limited

Saipem Group of companies has been in oil related business for over 50 years. Saipem started business first in Nigeria through SNL (Drilling) in 1967. Saipem Contracting Nigeria Ltd (SCNL) is an oil service company incorporated in 1989 with headquarters in Lagos. SCNL maintains offices in Rumuolumeni, NOPL (Rumuji), Onne, Ob-Ob, Gbaran - Ubie, Nembe,

Afam OCPP RVSG and Warri. The Main Operations Base (Saipem New Logistics Base) is located at Rumuolumeni (a community about 10 km from Port Harcourt main town) in Obio / Akpor L.G.A. of Rivers State, Nigeria. Total area of New Logistics Base: 732,400 m² Area of Engineering construction yard: 236,585 m² The Main Office Building houses Onshore and Offshore Construction project management offices, Drilling Operations, Base Management, HSE, Customs, IT & communications facilities and a Conference room equipped with digital projector. Total Office Area = 2,279.64 m². Source: (Saipem training and development manual, 2014 6th Ed.)

Methodology

The methodology used in this work comprised secondary and primary sources. The population included three on-going project sites executed by Saipem such as NOPL pipeline project, Afam OCPP RVSG project, SSAGS project and SCNL Logistics Base all operate in Rivers state of Nigeria. A sample of 35 HR practitioners were randomly selected; Five HR personnel from NOPL Project, Six from AFAM and Eight HR Personnel from SSAGS project and 16 from the Logistics Base. Primary data was collected through interviews and focus group discussions. The secondary data was collected through a review of existing employment legislations, previous researches and other existing literature.

Data Presentation and Analysis

Table 1: Distribution of HR practitioners in all the on-going projects by SCLN.

HR Practitioners	Number of respondents	Percentage (%)
NOPL pipeline project	5	14.29
Afam OCPP RVSG project	6	17.14
SSAGS project	8	22.86
SCNL Logistics Base	16	45.71
Total Respondents	35	100%

Source: Survey Data, November, 2014

Research question 1:

How often do you recruit and select employees in your Project?

Table 1a: Responses from Saipem NOPL Pipeline Project

Recruitment periods	No. of Respondents	Percentage (%)
Annually	1	20.00%
As project improves	2	40.00%
Based on recommendations	2	40.00%
Not sure	0	00.00%
TOTAL	5	100%

Source: Field Data, November, 2014.

Table 1b: Responses from Saipem AFAM OCPP RVSG Project

Recruitment periods	No. of Respondents	Percentage (%)
Annually	0	0%
As project improves	4	66.67%
Based on recommendations	2	33.33%
Not sure	0	0%
TOTAL	6	100%

Source: Field Data, November, 2014.

Table 1e: Responses from Saipem SSAGS project

Recruitment periods	No. of Respondents	Percentage (%)
Annually	1	12.5%
As project improves	5	62.5%
Based on recommendations	2	25r.0%
Not sure	0	0%
TOTAL	8	100%

Source: Field Data, November, 2014.

Table 1f: Responses from Saipem Logistics Base

Recruitment periods	No. of Respondents	Percentage (%)
Annually	3	18.75%
As project improves	6	37.5%
Based on recommendations	7	43.75%
Not sure	0	0%
TOTAL	16	100%

Source: Field Data, November, 2014

Research Question 2:

Do your project recruitment and selection practices adhere to Saipem organisational recruitment and selection policies

Table 2a: Responses from Saipem NOPL Pipeline Project

Responses	No. of respondents	Percentage (%)
Yes	3	60.00%
No	2	40.00%
Not sure	0	0%
TOTAL	5	100%

Source: Field Data, November, 2014

Table 2b: Responses from Saipem AFAM OCPP RVSG Project

Responses	No. of respondents	Percentage (%)
Yes	3	50%
No	2	33.33%
Not sure	1	16.67%
TOTAL	6	100%

Source: Field Data, November, 2014

Table 2c: Responses from Saipem SSAGS project

Responses	No. of respondents	Percentage (%)
Yes	5	62.5%
No	2	25.0%
Not sure	1	12.5%
TOTAL	8	100%

Source: Field Data, November, 2014

Table 2d: Responses from Saipem ASSET/Logistics Base

Responses	No. of respondents	Percentage (%)
Yes	10	62.50%
No	3	18.75%
Not sure	3	18.75%
TOTAL	16	100%

Source: Field Data, November, 2014

Research Question 3:

Are employers aware of the impact of organisational culture on recruitment and selection?

Table 3a: Responses from Saipem NOPL Pipeline Project

Responses	No. of respondents	Percentage (%)
Yes	4	80%
No	1	20%
Not Sure	0	0%
TOTAL	5	100%

Source: Field Data, November, 2014

Table 3b: Responses from Saipem AFAM OCPP RVSG Project

Responses	No. of respondents	Percentage (%)
Yes	4	66.66%
No	1	16.67%
Not Sure	1	16.67%
TOTAL	6	100%

Source: Field Data, November, 2014

Table 3c: Responses from Saipem SSAGS project

Responses	No. of respondents	Percentage (%)
Yes	5	62.5%
No	1	12.5%
Not Sure	2	25.0%
TOTAL	8	100%

Source: Field Data, November, 2014

Table 3d: Responses from Saipem ASSET/Logistics Base

Responses	No. of respondents	Percentage (%)
Yes	12	75.0%
No	2	12.5%
Not Sure	2	12.5%
TOTAL	16	100%

Source: Field Data, November, 2014

Table 4a: Saipem employee distribution: Expatriate and Local

	2012	2013
Total number of employees at Saipem Asset /logistics Base	1,211	2,506
Expatriates	384	476
Local	827	2030
% of Local employees	68%	81%

Source: (Saipem 2014 training and development Manual, 6th ed.)

Findings and Discussions

The findings of this paper show similarities and differences in the recruitment and selection practices of almost all the project sites of Saipem contracting Nigeria Limited. It revealed that all the projects hardly recruit and select their employee annually but they recruit as the project improves and based on recommendations as the case may be. The recommendation comes from both host communities and other stakeholders. HR practitioners in all the projects covered by Saipem consider and base their recruitment on strict adherence to Saipem organisational recruitment and selection policies and procedures. But Most of the HR Personnel argued that adherence to organisational recruitment and selection policies of Saipem is difficult to attain at the project site because of the twin factors of favouritism and nepotism found within the Nigerian work environment. Over 96% of all the HR personnel on Saipem project sites agree that they are aware of the impact of organisational culture on recruitment and selection. Only 4% hold that they are not aware of the organisational culture impact on recruitment and selection of their employees. Recruitment and selection in the project sites is hinged upon the perceived needs of individual organisations/project which may usually be at variance with specified guidelines. This shows that recruitment and selection in the project is in the hand of the project team such as project manager, site manager and construction.

Conclusion

Academic research is needed to help address the issues of impact of organisational culture in HRM and mostly in recruitment and selection practices. This is necessary if the negative influence of both external culture and organisational culture on recruitment and selection practices in Nigeria

will be reduced to as low as reasonably practicable in order to achieve the fundamental millennium goal of eradicating poverty and the problem of unemployment in Nigeria.

Recommendation

The study proposes that HR practitioners in Nigeria should be inducted with the culture of any host community where they may be sent to work. Oil and gas industries in Nigeria are also advised to structure their recruitment and selection policies to fit with the existing cultural values and norms of their operational base. The government is therefore enjoined to pursue policies of recruitment and selection balance especially in the area of quota system and host community influence on the organisational culture in Saipem. HR experts and agencies could be engaged to recruit credible candidates based on their skill, qualifications, competency and capabilities. This will help organisations to curb the factors of nepotism and favouritism in the workplace. In the long run, all HR practitioners of any organisation should have access to the HR Manuals, Policies and procedures.

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