



The Effect of Local Drivers on Transportation Business Performance in Nigeria: A Study of Agofure Motors Company Limited

^{1*}EDIH University Ovuokeroye; ²IGEMOHIA Fidelia; ³OSADUME, C. Richard & ⁴Alfred T. Mulade

^{1,3}Department of Marine Economics and finance, Nigeria Maritime University, Okerenkoko, Delta State, Nigeria.

Email; oweilade123uni@gmail.com; richard.osadume@nmu.edu.ng

²Department of Business Administration, Delta State University, Abraka, Nigeria;

Email: fideliaabu@gmail.com

⁴Department of Registry, Nigeria Maritime University, Okerenkoko, Delta State, Nigeria.;

Email: alfredmulade@yahoo.co.uk

Abstract

Due to the proliferation of transport firms and associated competition in the transportation industry, the need to spur up core competence and/or competitive advantage of these transport companies has become inevitable. The study investigated the effect of local drivers on transportation business performance in Nigeria: a study of Agofure Motors Company. The main objective of the study was to examine the effect of local drivers on transportation business performance in Agofure Motors Company. A 10-item validated and structured questionnaire were administered to 200 staff of Agofure Motors Company and 190(90%) were retrieved and 10(10%) were rejected. The primary data were analyzed using correlation and multiple regression analyses. Findings showed that majority of the drivers working with Agofure Motors Company are locals. It also revealed that the services of local drivers had a positive and significant effect on the overall performance of Agofure Motors Company. The study concludes that the impact of local drivers affect productivity/performance of transportation companies because of their inherent (indigenous) orientation on road networks and associated peculiarities of the transport business. This paper therefore recommends that transport firms should employ the services of local drivers based on their invaluable contributions to growth of transportation companies as well as national economy.

Keywords: *local drivers, transportation business performance, Agofure motors, Nigeria*

1.0 Introduction

Drivers, as major component of transport workers dispense special function/service to passengers in the transportation industry across the world. The competence of drivers – driving skills, knowledge of road networks within the economic and geographic landscape, understanding the cultural composition of people amongst others are necessary ingredients that foster productivity and organizational performance. However, the proliferation of transport firms and effect of globalization have heightened the tempo of competition in the industry (Edih et al, 2021; Edih, 2021). The need to spur up the competitive advantage of these companies has become inevitable. In order to reduce costs of recruitment and maintain the competitive edge over others in the industry, there is need to look towards host community recruitment model becomes a viable option. It's a win-win strategy for organizational success because both the company and society are mutual beneficiaries. Shukla, Goel and Tiwari (2019) see corporate social responsibility and host community recruitment model as intertwined and exhibit similar ideologies of incorporating the society into the agenda of the company and creating a positive consumer perception towards their products and services.

Most times, hiring locals poses challenges to recruiting organizations. Local hands may not be qualified for the job opening being a specialized one. Additionally, where a local employee is qualified, he may not be willing to work with the organization due to poor remuneration package and related reasons. Also qualified local hands may not accept the job offer because of discriminating characteristics and practices displayed by some multi-nationals especially companies operating in the petroleum sector of the economy. In this

intractable puzzle, organizations are compelled to recruit the available hands. These issues have to be reconciled through dialogue to create conducive business and operational environment (Gbam, 2017 & Beckman, 2012).

Why this study? Very few studies have been conducted in hiring locals by transportation companies. These studies did not establish any connection between host community model and logistics firms. Some studies discussed the host community recruitment strategy under the hospitality industry and organizational performance (Zirra, Ogbu & Ojo, 2017; Edih, 2021). This study intends to quantitatively examine effect of recruiting local drivers on transportation business in Nigeria to address the identified gap.

Objective: To examine the effect of local drivers on transportation business performance

Hypothesis H₀: Local drivers have no positive and significant effect on transport business performance.

2.0 Review of literature

2.1 Conceptual review

2.2 Agofure Motors Company

Agofure Motors Company is a new brand of inter-city, inter-state and inter-country road transport companies that is reputable for delivering transport services rated as adequate, comfortable and comparable to international standards and performance. The company was established in 1995 by Olorogun Godwin Omote Agofure from Urhobo speaking nation of Delta State, Nigeria. Its head office is located at Effurun, Warri, Delta State, Nigeria. Warri metropolis is a commercial nerve center and Oil city where Warri Oil Refinery is located - one of the four but moribund oil refineries in Nigeria.

The company has several terminals located in major cities and towns across the length and breadth of Nigeria and West African branch at Accra, Ghana. Some terminals are in Lagos, Abuja, Aba, Owerri, Port-Harcourt, Enugu, Onitsha, Umuhia, Jos, Kano, Kaduna, Accra (Ghana), etc. It prides its brand with varieties of modern transport buses, namely; Scania Irizar, Scania Marcopolo, Toyota Coaster, Toyota Hiace and others.

Agofure Motors also renders other essential services like courier services, haulage services and commercial warehouse services to her teeming and esteemed customers. It is one of the top contenders for the best company to deliver transportation services in Nigeria and also partners with the Delta State Government to provide transport services to Deltans and indeed, Nigerians at affordable rate.

Host Community Recruitment

Host community recruitment (HCR) could be described as a win-win recruitment model. It is an innovative recruitment strategy geared towards the employment of candidates from host communities. This is done to ensure a sense of belonging and enhance peaceful co-existence between organizations and host communities. It is a form of corporate social responsibility model (CSR) (Gbam, 2017). It is also regarded as a situation where host communities impose candidates on organizations for automatic employment (Zirra, et al, 2017). This compelling view on host communities' recruitment model should be down played because it presupposes friction and disagreement between organizations and host communities. Employment should be carried out according memorandum of understanding between relational parties. Host community recruitment also includes government regulation on recruitment in private and public organizations.

According to Zirra, et al (2017), Employment Edict, 2000, of River State made it mandatory for all business organizations operating in the State to allot 40 percent of their workforce to indigenes. The mandatory clause here is to ensure, organizations look for qualified hands for employment within the State, not necessarily

automatic recruitment of indigenes. Host community recruitment strategy is not one of the conventional recruitment sources in literature. It is a new paradigm, an initiative actively canvassed politically to assuage the ceaseless tensions and conflicts between organizations and host communities in volatile environment in developing countries. The reason is that, business operations cannot thrive well in an environment prone to violence and incessant wars.

Host community employment could also be termed as the employment of locals or hiring of indigenes. It is the strategy of giving back to the society where the organization is situated. The interplay and/or interface of companies and society is usually harnessed and cemented through corporate social responsibility model (CSR). Several reasons have been advanced for the need for hiring locals otherwise known as host community employment paradigm such as, to enhance sense of belonging in the corporate existence of the organization by the local communities; to curb incessant frictions and violence eruptions from the host communities; to empower local hands through employment and to adhere to both national and international laws regulating the affairs of organizations.

Host community recruitment model is a political solution to the incessant problem of disruption of business environment master-minded by jobless and idle teeming youths in the third world countries (and Nigeria is not an exception). This model is seen to be paying off. Most companies in Nigeria are now operating in peaceful environment because it has been adopted in their recruitment policies and program especially in the Niger-Delta region. The 2018/2019 xenophobic attack on non-South Africans by South-Africans is a pointer to the need to applaud the initiative of host community recruitment approach. Non-South Africans are excelling in their respective business endeavours and occupying much space in South African soil while the indigenes who were only watching to their regrets, had no option than to contend for business space. To instill the bond of relationship between companies and host communities, business organizations have to employ the corporate social responsibility model by employing locals (Gbam, 2017 & Beckman, 2012).

Organizational Performance

The overall reason for utilizing several recruitment or selection strategies in employing staff into an organization, particularly, transport industry which is entirely service driven, is to enhance organizational performance. Organizational performance is achieved through gamut of factors such as staff competences, training, promotion and reward system, staff team spirit, job security, work environment, and manager/employee relations amongst others (Jolaosho, Shodiya, Olajide & Akintan, 2018). These performance indicators are the direct impetus that influences organizations to embark on a costly venture of contracting the services of a recruitment agency. However, this essential function of management has been misplaced and abused by most private and public organizations.

When we talk about public sector recruitment or selection, the woes of corruption, nepotism and political factors have labeled government recruitment process as mere fantasy. Omisore and Okofu (2014) adjudged that, public service recruitment and selection systems and practices were beset with extra-institutional factors which had altered the demands for meritocracy and competence. The federal character principle of recruitment into the federal civil service enshrined in the 1999 constitution of the Federal Republic of Nigeria is a political ideology devoid of merit and professionalism. Organizational performance is the sum total of the outcome of the entire employee of an organization which could be rated as excellent, good, or poor performance for a given period (Oxford Dictionary, 2016). Experience has shown that some organizations do not have retention plan, no training and other motivational policies, hence no job security for their staff. This

reveals that the objectives of proper recruitment strategies are undermined by companies in Nigeria for casual employment approach. Staff turn-over in the industry is very high and worrisome because there is no motivation and job security. This lack luster policy of the industry is hampering organizational performance.

Generally, organizational performance is affected by both external and internal factors. The external factors which influence the organization's decisions are uncontrollable and that the business organization only has to adapt to the dictates of these influential environmental and legal factors. The internal factors are within managerial control, the ability to formulate best strategies, stimulate employee's behaviour and allocate the scarce resources to meet customers' needs and compete against all odds. Studies have shown that there are two types of performance indicators, namely, financial and non-financial indicators. Ivankovic, et al., (2010) states that, traditionally, performance measurement has been on financial performance (balance sheet, profitability and other financial data). This approach has several weaknesses, like short-term focus, lack of balance and strategic focus, lack of customers approach, etc. Since, hotel industry is people-oriented, the non-financial performance indicators should be more important in a competitive world. The economic and financial success of a hotel depends on the attributes and behaviours of employees, development of new products and services, as well as customer's satisfaction. Hotel management is the embodiment of services and these productive services attract financial gains to the organization.

This proposition was corroborated by Ivankovic, et al., (2010) who advocates that the non-financial indicators are valuable supplements to financial measures. They supply useful information that would improve the financial outcome and support strategic initiatives. This analogy is not far from the crux of the study which focuses on examining the significant impact of recruitment strategies on employees' competences, motivation, training, job security and manager / employees relation in the work environment vis-à-vis the overall performance of the organization. The achievement of the organization's objective (profitability, sustainability etc) is primarily dependent on the level of motivation, job satisfaction and job security of employees of the organization.

Employee's performance is grouped into two; task and contextual performance (Muchiri, 2016). Task performance explains employee's behavior and activities that affect the processing of raw materials to finished goods and services. These activities have specific or direct effects on the job and technical know-how employed in the production process. Contextual performance represents the worker's performance that maintains and improves on social network and psychological climate of the employees and culture of the organization. Hameed and Waheed (2011) argue that the workforce as the most value adding assets of any firm.

Therefore, organizational performance cannot exist without employee's performance. This denotes that organizational performance is the cumulative performance of the entire employees of an organization. Connotatively, it is collective network of all the behaviours, values and outcomes of the employees of the organization. In other words, the embodiments of the performance of the organization's employees transform into the organizational performance for a given period.

2.4. Theoretical review

This study is anchored on the systems theory which emphasizes the dependency of every unit or department on each other to achieve a determined objective in an organization

System Theory

This study is anchored on the system theory because it explains the internal relationships within an organization as well as connecting it to the external environment. The entire world is assumed to be one big system made of different but co-coordinating parts or subsystems. Employee's performance cannot be

assessed in isolation from others in the organization. Ideally, no employee can work to achieve optimal performance without support from co-workers in the organization. The need for synergy in the production process among employees required to achieve the target performance of the organization cannot be over-emphasized. The system theory focuses on team work between employees, inter-dependence between departments and the unification of purpose among all units and sections in an organization. Mitchell attributed the first proponent of the system theory to Von Bertalanffy (1968). He defines a system as a set of inter-related parts or subsystems. That, each of these parts may have several sub-parts knitted together and are mutually related. Any change in one part of the system has a natural course or effect on the other parts. A system can interact with other systems in a given environment. As known, there are two types of environment, the internal and external environment. A system may be open or closed and an open system interacts with the external environment while a closed system is highly restrained. The external environment provides labour required by the organization.

Katz and Kahn (1978) laid credence to the significance roles played by workers in an organization. According to them, they identify the roles an individual will play in an organization and these roles are determined by the expectations of significant role senders (the managers) of the organization. The organization has an expectation, which is the goal to be achieved through the individual roles while the individual (employee) has its expectations from the organization. These expectations reinforce themselves through the reflexive action designated as reflexive roles expectations. Employees are the fundamental forces in the human resource management and that managers should adopted the emerging trends of knowledge, learning and learning organization. The theory postulated that, the caliber of human talents has to be develop and utilized for achieving both organization and personal objectives' success. The society wants to see the impact of the organization while the organization wants high patronage by the host communities.

2.5. Empirical review

In the study carried out by (Edih, 2021) organizational performance is enhanced in a peaceful atmosphere. The mutual relationship between an organization and host communities is a win-win strategy because it creates a sense of belonging and responsibility in engendering peace and balance.

Powe, (2020) describes host community recruitment model as an integral component of corporate social responsibility model (CSR). It is a model that creates mutual and beneficial relationship between parties. It also improves organization's reputation and performance. Spencer (2016) stated that host communities benefit from organizations through their employees. Those recruited from these communities are critical to sustaining the bond of interactions between them. This peaceful neighbourliness results to improved productivity in terms of high sales, increased revenue and enhanced security.

Asfaw, Argaw and Bayissa (2015) define employee performance as the achievement of specific tasks measured against predetermined or identify standards of accuracy, completeness, cost and speed. Employee performance can be measured in its improvement in production, the ease of using new technologies and motivation packages for workers (Nassazi, 2013). It has been replicated that employees are the building blocks of organizations. It therefore, behooves management to wake up to its responsibilities of training and motivating employees as at when and due to promote performance. In the business world, the relationship between an employee and the organization is based on a contractual term and it is expected that the employee performs its best for the overall success of the organization. Performance is an action or outcome tied to employees' capabilities in business organizations.

Salami, Ajobor and Okwuise (2013) adjudged that performance management process had become prominent in recent years. The process provides an integrated and coherent range of human resource management models which are supportive and contributive to the improvement of organizational effectiveness. Armstrong (as cited in Salami, et al 2013), defines performance management as a systematic process for improving organizational performance by developing the performance of the individual and team. Performance management process leads to performance measurement criteria.

Ivankovic, Jankovic and Persic (2010) canvass that, firm's management establish performance measurement system (PMS) in order to compete favourably in the industry environment characterized by fierce competition and high volatility. They also contend that performance management has been in use in the hospitality industry for a long time as an important component of decision making process. Hotel management should avail the possibility of making decisions that could ensure the best outcome by taking into consideration the peculiar features of the industry.

2.3.1 Gap in Literature

From available literature, no single study was done on the effect of local drivers on transport business performance, however several studies focused on organizational or employee's performances and host community recruitment strategy (Edih, 2021; Zirra, et al 2017; Omisore & Okofu, 2013). This is the gap this study intends to cover.

3.0. Methodology

The study was conducted in Agofure Motors Company in Nigeria. It generated primary data through the administration of a 10-item validated and structured questionnaire to 200 staff of Agofure Motors Company across 10 terminals in Nigeria. Content validity was used to ascertain the appropriateness of the measuring instrument for the study. Out of the 200 sets of questionnaire distributed, a total number of 190(90%) were retrieved and 10(10%) were rejected. Statistical tools used were correlation and multiple regression analyses to assess the effect of local drivers on transport business performance by applying host community recruitment model.

3.1 Model specification

Generally, multiple regressions model is signified by

$$Y = a + b_1X_1 + \dots + b_nX_n + e_t \dots (1)$$

While the modified equation is

$$TBP = a + b_1(klc* hcr) + b_2(na* hcr) + e_t \dots (2)$$

Where;

TBP is transport business performance

klc* hcr is knowledge of local cultures and host communities

na* hcr is novelty and application of host community recruitment model

a is the constant term.

e_t is error term due human weakness or factor

$b_1 - b_2$ are coefficients

4.0. Results and Discussion

The results shown below are based on the field work (data) analyzed using frequency distribution table, correlation and multiple regression analyses as follows:

4.1. Social Demography of Respondents

This table below demonstrates the organizational stratification of the respondents used for the study

Table 1: Social Demography

Group	Frequency	Percentage
Drivers (Senior and Junior)	150	75
Administrative Staff	50	25
Total	200	100%

Source: Compiled by Authors, 2021

4.2. Testing of hypothesis

A single hypothesis was formulated and tested in the study; H_0 , local drivers have no positive and significant effect on transport business performance in Nigeria.

Table 2: Correlation Analysis among Variables

Knowledge/Local drivers Novelty/application Transport business			
Know/Local drivers	1.000		
Novelty/ap p	0.457	1.000	
Transport business	0.468	0.504	1.000

Source: Analysis of field data, 2021

Correlation results showed a positive relationship among the studied variables. Knowledge/Local drivers correlated with novelty/Applicability and transport business performance and vice-versa ($r=0.457, 0.468$, $P < 0.01$).

Table 3: Regression Results on effect of recruiting local drivers on transport business

Source	SS	Df	Ms	Number of obs=	190
Model	84.446	3	28.148	F(3, 246=	79.49
Residual	87.109	246	.354	Prob>F=	0.000
Total	171.556	249	.688	r-squared=	0.492
				AdjR-squared=	0.486
				Root MSE=	.5950
Grt	Coef.	Std. Err	T	p> t	95% conf. Interval]
KLC*HCR	.223	.049	4.50	0.01	.125 .321
NA*HCR	.138	.511	2.71	0.03	.0376 .239

Source: Analysis of field data, 2021

4.3 Discussions of Findings

Table 2 showed the contribution of facets of recruiting local drivers in transport business. As indicated in the regression Table 2, the joint contribution of knowledge of local culture/HCR had a positive significant effect on transport business (Coef. = 0.223, $p = 0.01 < 0.05$ and the joint contribution of novelty and application/HCR had a positive significant effect on transport business (Coef. = 0.138, $p = 0.03 < 0.05$).

Since the p-value is less than 0.05 at 1% level of significance for recruiting local drivers, we reject the null hypothesis which states that local drivers have no positive significant effect on transport business performance in Nigeria and accept the alternate hypothesis which states that local drivers have a positive significant effect on transport business in Nigeria.

These results are in line with (Powei, 2020) study indicating that recruiting local drivers/host community strategy creates mutual and beneficial relationship between parties. It also improves organization's reputation and performance. Spencer (2016) contends that host communities benefit from organizations through their employees. Those recruited from these communities are critical to sustaining the bond of interactions between them. This peaceful neighbourliness results to improved productivity in terms of high sales, increased revenue and enhanced security (Edih, 2021).

The "system theory" supports the initiative embedded in host community recruitment strategy as part of the business environment. The model aims at enhancing a conducive work environment that would allow employees to work productively. Host community recruitment model is geared towards ensuring peaceful co-existence between people and business organizations. However, the study of (Zirra, et al., 2017) argues that recruitment done through the influence of host community results to organization inefficiency. It implies that when employment is done without requisite parameters for the job, it will amount to resource waste. Therefore, due diligence is required in the recruitment process.

5.0 Conclusion

The study examined the effect of local drivers on transportation business performance in Nigeria: a study of Agofure Motors Company Limited. The study found that the two constructs of recruiting local drivers; knowledge/local cultures/HCR and novelty/applicability/HCR affect the performance of transportation companies. It was discovered that majority of the drivers in Agofure Motors was employed from host communities which facilitated its popularity and huge patronage across the country. Studies corroborate the fact that host community recruitment strategy is not only an ideal strategy for quelling violence in volatile environment but also useful in transportation business.

The study concludes that local drivers contribute to the overall performance of transportation companies as well as boost economic growth. Based on the above, the paper recommends that transportation companies should recruit local hands because of their invaluable contributions to growth and productivity of transport firms.

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