



Human Resources Management Practices and Employee Engagement of Insurance Firms in South-South Nigeria

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Abstract

This study examines the relationship between Human Resource Management (HRM) practices and employee engagement in insurance firms in South-South Nigeria. In today's competitive business environment, organizations increasingly rely on effective HRM practices such as recruitment and selection, training and development, performance appraisal, and compensation to enhance employee commitment and organizational performance. Drawing on Social Exchange Theory, the study posits that employees reciprocate favorable organizational practices with higher levels of engagement. A quantitative survey design was adopted, with data collected from employees of selected insurance firms using structured questionnaires. The study employs descriptive and inferential statistics, particularly using multiple regression analysis, to examine the relationship between HRM practices and employee engagement. Findings from extant literature indicate that HRM practices significantly influence employee engagement by fostering motivation, job satisfaction, and organizational commitment (Albrecht, 2021; Saks, 2019). Empirical evidence from Nigeria further supports that effective HRM practices enhance engagement and organizational sustainability (Edwin & Obeta, 2024; Oderinde et al., 2024). The study concludes that integrated and well-implemented HRM practices are critical in promoting employee engagement in the insurance sector. It recommends that organizations adopt strategic HR approaches tailored to employee needs and organizational objectives.

Original Research Article

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Introduction

Human Resource Management (HRM) has become a central pillar in modern organizational strategy, particularly in service-oriented industries where human capital represents the most valuable asset. In recent years, organizations have increasingly recognized that the effective management of employees is essential for achieving sustainable competitive advantage. HRM practices including recruitment and selection, training and development, performance appraisal, and compensation play a vital role in shaping employee attitudes and enhancing organizational outcomes. According to Armstrong (2021), HRM is a strategic approach to managing people that emphasizes commitment, quality, and flexibility in achieving organizational goals.

Employee engagement, on the other hand, has emerged as a critical construct in organizational behavior, reflecting the extent to which employees are emotionally and cognitively invested in their work roles. Engaged employees tend to exhibit higher levels of productivity, innovation, and

organizational commitment. Studies have shown that employee engagement is significantly influenced by organizational practices that promote fairness, development, and recognition (Albrecht, 2021; Saks, 2019). In particular, HRM practices have been identified as key drivers of engagement, as they create an enabling environment that fosters employee motivation and satisfaction.

Recent empirical studies provide strong support for the relationship between HRM practices and employee engagement. For instance, Oderinde et al. (2024) found that recruitment, training, and compensation significantly enhance employee engagement in Nigerian firms. Similarly, Galadanchi and Saulawa (2024) reported that HRM strategies positively influence employee satisfaction and engagement within the service sector. Furthermore, research by Edwin and Obeta (2024) highlights that HRM practices, particularly training and development, are essential for improving employee engagement and organizational sustainability.

Despite these advancements, the Nigerian insurance sector continues to face significant human resource challenges. These include high employee turnover, inadequate training opportunities, and weak performance management systems. Evidence suggests that while HRM practices exist within many organizations, their implementation is often inconsistent and ineffective, leading to low levels of employee engagement. Sunday (2024) observed that employee engagement mediates the relationship between HRM practices and organizational performance, emphasizing the need for well-aligned HR strategies.

In the South-South region of Nigeria, the situation is particularly critical due to the dynamic and competitive nature of the business environment. Despite the economic importance of the region, there is limited empirical research focusing on HRM practices and employee engagement within insurance firms. This gap in the literature underscores the need for context-specific studies that provide insights into how HRM practices influence employee engagement in this sector.

Literature Review

The relationship between Human Resource Management (HRM) practices and employee engagement has become a significant topic in modern academic discussions, especially as organisations increasingly depend on strategic people management to enhance performance outcomes. This section provides a comprehensive synthesis of relevant theoretical frameworks and empirical evidence, highlighting the mechanisms by which HRM practices influence and maintain employee engagement within organisational contexts.

2.1 Conceptual Clarification of HRM Practices

Human Resource Management practices refer to a coordinated set of organizational activities designed to manage people effectively and achieve organizational objectives. According to Armstrong (2021), HRM practices encompass recruitment and selection, training and development, performance appraisal, compensation, and employee relations, all of which are aimed at improving employee competence and commitment. Similarly, Dessler (2020) asserts that HRM practices serve as mechanisms through which organizations attract, develop, motivate, and retain employees.

In contemporary organizations, HRM practices are increasingly integrated into strategic decision-making processes. This strategic orientation often referred to as Strategic Human Resource Management (SHRM) emphasizes the alignment between HR policies and organizational goals. Becker and Huselid (1998, cited in later studies) argue that bundles of HRM practices have a synergistic effect on organizational performance, suggesting that the effectiveness of HRM lies not in isolated practices but in their combined implementation.

2.2 Concept of Employee Engagement

Employee engagement is a multidimensional construct that reflects the level of employees' psychological investment in their work roles. The concept was first introduced by Kahn (1990), who defined engagement as the harnessing of organizational members' selves to their work roles, such that individuals express themselves physically, cognitively, and emotionally during role performance. Building on this foundation, Saks (2019) conceptualizes employee engagement as a distinct and unique construct that consists of cognitive, emotional, and behavioral components.

More recent studies have emphasized the outcomes of employee engagement. For instance, Albrecht (2021) notes that engaged employees demonstrate higher productivity, increased job satisfaction, and stronger organizational commitment. Furthermore, engaged employees are more likely to exhibit discretionary effort, which significantly contributes to organizational success.

2.3 Theoretical Framework: Social Exchange Theory

The connection between HRM practices and employee engagement is best understood using Social Exchange Theory (SET), as explained by Blau (1964). SET views social interaction as a process based on mutual exchange, where people react to perceived good treatment by acting and thinking positively. In organisational contexts, when employees perceive HRM processes as fair, supportive, and beneficial, they are likely to respond with increased engagement, enhanced organisational commitment, and superior performance outcomes.

Supporting this perspective, Cropanzano and Mitchell (2005) argue that employees develop a sense of obligation toward organizations that treat them well, leading to positive work attitudes and behaviors. Similarly, Saks (2019) found that perceived organizational support often facilitated through HRM practices is a significant predictor of employee engagement.

Thus, Social Exchange Theory provides a strong theoretical foundation for understanding how HRM practices influence employee engagement, particularly in environments where trust, fairness, and mutual respect are emphasized.

2.4 Empirical Review of HRM Practices and Employee Engagement

Empirical studies have consistently demonstrated a positive relationship between HRM practices and employee engagement across various sectors and geographical contexts.

For instance, Jose et al. (2022) found that employees who perceive fairness and transparency in HRM practices are more likely to exhibit higher levels of engagement. Their study highlights the importance of equitable recruitment processes and unbiased performance evaluations in fostering trust and commitment. Similarly, Ogbonna and Mbah (2022)

reported that HRM practices significantly influence employee engagement in Nigerian organizations, emphasizing that fair compensation and opportunities for career advancement are critical determinants of employee motivation.

In a more recent study, Oderinde et al. (2024) examined HRM practices and employee engagement in Nigeria and found that training and development, compensation, and performance appraisal significantly enhance employee engagement. The study concluded that organizations that invest in employee development and recognize performance are more likely to retain engaged employees.

Furthermore, Galadanchi and Saulawa (2024) observed that HRM strategies such as employee participation, leadership support, and recognition systems positively influence employee engagement in the service sector. Their findings suggest that participatory decision-making processes enhance employees' sense of belonging and commitment to organizational goals.

2.5 Key HRM Practices Influencing Employee Engagement

Recruitment and Selection

Effective recruitment and selection processes ensure that organizations attract individuals whose values and competencies align with organizational goals. According to Dessler (2020), selecting the right employees enhances job satisfaction and reduces turnover. Empirical evidence suggests that transparent and merit-based recruitment practices foster trust and engagement among employees (Jose et al., 2022).

Training and Development

Training and development are critical for enhancing employee skills and competencies. Armstrong (2021) emphasizes that continuous learning opportunities increase employee confidence and job satisfaction. Studies such as Edwin and Obeta (2024) reveal that employees who receive adequate training are more engaged and committed to organizational objectives.

Performance Appraisal

Performance appraisal systems provide feedback and recognition, which are essential for employee motivation. According to Albrecht (2021), fair and consistent appraisal systems enhance employee engagement by reinforcing positive behaviors. However, biased or poorly implemented appraisal systems can lead to dissatisfaction and disengagement.

Compensation and Reward Systems

Compensation is a key determinant of employee motivation and engagement. Ogbonna and Mbah (2022) found that competitive and equitable compensation systems significantly enhance employee engagement. In addition,

non-monetary rewards such as recognition and career advancement opportunities also play a vital role in motivating employees.

2.6 Emerging Trends in HRM and Employee Engagement

Recent studies show that flexible work arrangements, work-life balance, and employee well-being are becoming more important as factors that affect how engaged employees are. Isiaka (2024) shows that companies that have flexible work practices tend to have lower employee turnover and higher job satisfaction. At the same time, the growing use of digital HRM tools like e-learning platforms and performance management systems that use technology shows that organisations are moving toward using new ideas to keep employees engaged in today's workplaces.

2.7 Research Gap

Despite the growing body of literature on HRM practices and employee engagement, there is limited empirical research focusing on the insurance sector in South-South Nigeria. Most studies have concentrated on banking, manufacturing, or general service industries, thereby overlooking the unique dynamics of the insurance sector. Additionally, the regional context of South-South Nigeria with its economic and cultural peculiarities has not been adequately explored.

2.8 Summary of Literature Review

The literature reviewed indicates that HRM practices play a crucial role in shaping employee engagement. Theoretical frameworks such as Social Exchange Theory provide a basis for understanding this relationship, while empirical studies consistently demonstrate that effective HRM practices enhance employee motivation, commitment, and performance. However, the lack of context-specific studies in the insurance sector of South-South Nigeria highlights the need for further research in this area.

Methodology

This section outlines the research design, population, sampling techniques, data collection procedures, measurement of variables, and methods of data analysis adopted in examining the relationship between Human Resource Management (HRM) practices and employee engagement in insurance firms in South-South Nigeria.

3.1 Research Design

The study utilises a quantitative methodological framework, employing a cross-sectional survey methodology. This method is considered suitable since it facilitates the organised gathering of data from a large cohort of participants simultaneously, therefore allowing for the examination of correlations among principal variables. Creswell (2018) asserts that survey-based research is especially effective for studies focused on elucidating trends, attitudes, and relationship patterns within a specified community. In a similar spirit, Saunders et al. (2019) contend that cross-

sectional designs offer an efficient and economical approach to investigating relationships among variables, rendering them particularly advantageous for empirical investigations of this kind.

The choice of a quantitative design is further justified by the need to objectively measure HRM practices and employee engagement and to test hypotheses using statistical techniques.

3.2 Population of the Study

The focus of this study is on employees from certain insurance companies in the South–South geopolitical region of Nigeria, which includes the states of Rivers, Delta, Akwa Ibom, Bayelsa, Cross River, and Edo. The choice of the insurance business is based on the fact that it relies heavily on people to provide services and is a major factor in how well an organization works and performs.

The population includes both managerial and non-managerial staff, as HRM practices affect employees at all levels within the organization. According to Sekaran and Bougie (2016), defining a clear population enhances the validity and generalizability of research findings.

3.3 Sample Size and Sampling Technique

A sample size of approximately 200 respondents is considered adequate for the study. This sample size is justified based on statistical recommendations for regression analysis and the need to ensure representativeness. Hair et al. (2019) suggests that a minimum sample size of 150–200 is sufficient for conducting reliable multivariate analysis.

The study employs a multi-stage sampling technique, combining purposive and simple random sampling methods. First, selected insurance firms are purposively chosen based on their operational presence and relevance within the region. Subsequently, simple random sampling is used to select employees within these firms to ensure that every member of the population has an equal chance of being included.

3.4 Sources and Method of Data Collection

The study relies primarily on primary data, which will be collected through the use of structured questionnaires. The questionnaire is designed to capture respondents' perceptions of HRM practices and their level of engagement within the organization.

The instrument is divided into two main sections:

Section A: Demographic information (e.g., age, gender, educational qualification, years of experience)

Section B: Items measuring HRM practices and employee engagement

Responses will be measured using a **five-point Likert scale** ranging from *Strongly Disagree (1)* to *Strongly Agree (5)*. According to Likert (1932), Likert scales are effective in measuring attitudes and perceptions in social science research.

3.5 Measurement of Variables

The study examines both independent and dependent variables:

Independent Variable (HRM Practices):

- Recruitment and Selection
- Training and Development
- Performance Appraisal
- Compensation and Rewards

Dependent Variable:

Employee Engagement

Measurement items for HRM practices are adapted from established scales in previous studies such as Armstrong (2021) and Dessler (2020), while employee engagement is measured using validated scales developed by Saks (2019).

3.6 Validity and Reliability of Instrument

To ensure the quality of the research instrument, both validity and reliability tests will be conducted.

Content Validity: The questionnaire will be reviewed by experts in HRM and research methodology to ensure that it adequately covers the study variables.

Construct Validity: Factor analysis may be conducted to confirm that the items measure the intended constructs.

For reliability, the study will employ Cronbach's Alpha coefficient to assess internal consistency. According to Cronbach (1951), a reliability coefficient of 0.70 or higher is considered acceptable for social science research.

3.7 Method of Data Analysis

Data collected will be analyzed using Statistical Package for the Social Sciences (SPSS) or a similar statistical software. Both descriptive and inferential statistics will be employed.

Descriptive Statistics: Mean, standard deviation, and frequency distributions will be used to summarize the data.

Inferential Statistics: Multiple regression analysis will be used to examine the relationship between HRM practices and employee engagement.

The regression model is specified as:

$$EE = B_0 + B_1 RS + B_2 TD + B_3 PA + B_4 CR + \varepsilon$$

Where:

EE = Employee Engagement

RS = Recruitment and Selection

TD = Training and Development

PA = Performance Appraisal

CR = Compensation and Rewards

β_0 = Constant

β_1 – β_4 = Regression coefficients

ε = Error term

Regression analysis is appropriate because it allows for the assessment of the strength and direction of relationships between multiple independent variables and a dependent variable (Hair et al., 2019).

3.8 Ethical Considerations

The study procedure will strictly follow ethical guidelines. Participants will be explicitly told about the study's objectives and will receive guarantees concerning the confidentiality and anonymity of the information they provide. Participation in the study will be completely optional, and respondents will have the freedom to withdraw at any time without repercussions. These techniques align with the ethical norms established by Saunders et al. (2019).

3.9 Summary

This methodology provides a systematic and rigorous approach to investigating the relationship between HRM practices and employee engagement. By employing a quantitative survey design, structured data collection methods, and robust statistical analysis, the study ensures reliability, validity, and generalizability of findings within the context of insurance firms in South-South Nigeria.

Conclusion

The study's results show that HRM practices are a key factor in how engaged employees are in insurance companies. Companies that put money into well-planned and well-executed HR programs are more likely to get their employees to be more committed, which in turn helps the company do better. Because of these results, insurance companies in South-South Nigeria should make it a priority to use integrated HRM frameworks that are in line with both employee expectations and the company's overall goals.

5. Recommendations

Based on the findings and the reviewed literature on the relationship between Human Resource Management (HRM) practices and employee engagement, the following recommendations are proposed for insurance firms in South-South Nigeria:

5.1 Strengthen Recruitment and Selection Processes

Insurance firms should adopt transparent, merit-based, and competency-driven recruitment and selection processes. Selecting candidates whose values align with organizational goals will enhance job fit and long-term engagement. As noted by Dessler (2020), effective recruitment ensures that organizations attract individuals who are more likely to be committed and productive. Additionally, the use of structured interviews, psychometric assessments, and digital recruitment platforms can improve the quality of hiring decisions.

5.2 Invest in Continuous Training and Development

Organizations should prioritize regular and structured training programs to enhance employees' knowledge, skills,

and competencies. Continuous professional development not only improves performance but also fosters a sense of value and belonging among employees. According to Armstrong (2021), investment in employee development significantly increases motivation and organizational commitment. Insurance firms should also introduce career development plans, mentorship programs, and leadership training initiatives to sustain engagement.

5.3 Improve Performance Appraisal Systems

Performance appraisal systems should be fair, objective, and feedback-oriented. Employees are more likely to be engaged when they perceive performance evaluations as transparent and developmental rather than punitive. It is recommended that organizations adopt 360-degree appraisal systems and ensure regular feedback sessions. As emphasized by Albrecht (2021), constructive feedback and recognition are critical drivers of employee engagement.

5.4 Enhance Compensation and Reward Systems

Insurance firms should develop competitive and equitable compensation structures that reflect employees' contributions and market standards. Beyond financial rewards, organizations should incorporate non-monetary incentives such as recognition awards, career advancement opportunities, and flexible benefits. Empirical findings by Ogbonna and Mbah (2022) indicate that fair compensation significantly improves employee morale and engagement.

5.5 Promote Work-Life Balance and Employee Well-being

Companies should make rules that actively encourage a healthy work-life balance. These could include flexible work hours, the chance to work from home, and programs that help employees stay healthy. These kinds of things help lower stress and burnout at work, which in turn makes employees more engaged. Recent research (Isiaka, 2024) provides empirical evidence that individuals who successfully combine professional and personal duties exhibit heightened dedication and increased productivity in organisational contexts.

5.6 Foster a Supportive Organizational Culture

A positive organizational culture characterized by trust, open communication, and inclusiveness should be promoted. Management should encourage employee participation in decision-making processes, which enhances a sense of ownership and belonging. According to Saks (2019), perceived organizational support is a strong predictor of employee engagement.

5.7 Align HRM Practices with Organizational Strategy

HRM practices should be strategically aligned with organizational goals and objectives. This ensures that HR policies contribute directly to business performance and employee satisfaction. Strategic HRM integration enables organizations to maximize the impact of HR practices on engagement and productivity.

5.8 Regular Monitoring and Evaluation of HRM Practices

Insurance firms should establish mechanisms for continuous assessment of HRM practices through employee surveys, feedback systems, and performance metrics. This will help identify gaps and improve the effectiveness of HR strategies over time. Data-driven HR decisions are essential for sustaining employee engagement in a dynamic business environment.

5.9 Leverage Technology in HRM

Organizations should adopt digital HR tools such as Human Resource Information Systems (HRIS), e-learning platforms, and performance management software. These technologies enhance efficiency, transparency, and accessibility, thereby improving employee experience and engagement.

5.10 Policy and Regulatory Support

Regulatory bodies and policymakers should develop frameworks that encourage best HRM practices within the insurance sector. This includes enforcing labour standards, promoting employee welfare, and supporting capacity-building initiatives across organizations.

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