Overview of Trends Shaping Human Resource Management for Improved Organizational Effectiveness in Nigeria

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Abstract

Human Resource Management (HRM) is a strategic and coherent approach to the management of an organization’s most valued assets: the people working there who individually and collectively contribute to the achievement of its objective. The assumptions underpinning the practice of human resource management are that people are the organization’s key resource, and organizational performance largely depends on them, if, therefore, an appropriate range of human resource policies and processes are developed and implemented effectively, human resources will make a substantial impact on firm’s performance used. The objective of this study is to examine the paradigm shift shaping human resource management for improved organizational effectiveness in Nigeria. Literature survey method was adopted to discuss issues raised in the study. The paper demonstrated that a changing environment today is influencing what human resource managers do and the models for engagement of human capital. There is more emphasis on knowledge work, and therefore, on building human capital, the knowledge, education, training, skills, and expertise of an organization’s employees. The paper recommended that human resource managers should shift their focus from providing transactional services to providing top management with decisions that inform and support organizational effectiveness in Nigerian organizations.

Key Words: Trends, Human Resource, Management, organization, Performance, Effectiveness, Managers.

Introduction

Human resource management aims to help the organization in Nigeria to achieve success through people. Ulrich and Lake (1990), were reiterating this point once when they argued that, “human resource management systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities”. Human resource management is concerned with both meeting human capital requirements and the development of process capabilities. In other words, the ability to get things done effectively, the overarching objective of human resource management is to contribute to the achievement of high levels of organizational performance. The integration of human resource and business strategies in Nigerian organizations will generally focus on this goal. Boxall and Purcell (2003) suggest that: “Human resource advantage can be traced to better people employed in organizations with better processes”. This echoes the resource-
based view of the firm which states that distinctive human resource practices help to create the unique competencies that determine how firms compete (Capelli and Crocker-Heft, 1996).

Performance goals can be achieved with the help of high performance work systems which take into account the factors affecting individual performance, and promote flexibility. They also include “rigorous recruitment and selection procedures, performance-contingent incentive compensation systems, and management development and training activities linked to the needs of the business” (Becker et al 1997). As defined by Boxall and Purcell (2003), the level of individual performance is a function of ability, motivation and opportunity. People perform well when: (1) they are able to do so, because they have the necessary abilities and skills to do the job; (2) they have the motivation to do so, that is, they will do the job because they want to and are adequately incentivized; (3) their work environment provides the necessary support and avenues for expression, for example functioning technology.

In essence, someone always has to staff the organization, so human resource managers have long played important roles. Working cooperatively with line managers, they have helped administered benefits, screen employees, and recommend appraisal forms. However, exactly what they do and how they do it is changing. Some of the reasons for these changes are obvious. For example, employers in Nigerian organizations can now use intranets to let employees change their own benefits plans, something they obviously could not do say 20 or so years ago. Some other trends shaping human resource management practices are perhaps more subtle. These trends include globalization, technology, deregulation, debt or “leverage”, change in demographics and the nature of work, and economic challenges (Frauenheim, 2008).

Objective of the Study

The main objective of this study is to examine the paradigm shift shaping human resource management for improved organizational effectiveness in Nigerian organizations. These include globalization and competition trends; Indebtedness (leverage) and deregulation; technological trends; Trends in the nature of work; Workforce and Demographic Trends; and Economic Challenges and Trends. Also, the study examines new human resource managers; Strategic human resource management; High-performance work-systems; and Evidence-Based human resource management.
Assumptions of the Study

The assumptions made for the purpose of this study are:

1) That the works of authors consulted are sincere manifestations of their options concerning trends shaping human resource management in organizations.

2) That the authors’ assessments were fair and reliable for drawing conclusion about the research topic.

Globalization and Competition Trends

Globalization refers to the tendency of firms to extend their sales, ownership, and or manufacturing to new markets abroad. Companies expand abroad for several reasons. Sales expansion is one. Some manufacturers seek new foreign products and services to sell, and to cut labour costs. For businesspeople, globalization’s essential characteristic is this: More globalization means more competition, and more competition means more pressure to be “worldclass” to lower costs, to make employees more productive, and to do things better and less expensively. According to SHRM (2000) report, “The bottom line is that the growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition in a wide range of manufacturing and service industries. Both workers and companies have to work harder and smarter than they did without globalization (SHRM, 2006). Because of this, globalization brings both benefits and threats. For consumers it means lower prices and higher quality on practically everything from computers to cars, but also the prospect of working harder, and perhaps having less secured jobs. Job offshoring, that is, having employees abroad do jobs that, say, Nigerians formerly did, illustrates this threat. Roger et al (2008) believes that, in the next few years, many employers plan to offshore even highly skilled jobs such as sales mangers, general managers, and human resource managers. For business owners, globalization means potentially millions of new consumers, but also the considerable threat of facing new and powerful global competitors at home.

Indebtedness (Leverage) and Deregulation

Other trends contributed to this economic growth. Deregulation was one. In many countries, governments stripped away rules and regulations. In the
United States, and Europe, for instance, the rules that prevented commercial banks from expanding into new businesses such as stock brokering were relaxed. Giant, multinational “financial supermarkets” such as Citibank quickly emerged. As economies boomed, more businesses and consumers went deeply into debt. The only way the country could keep buying more from road than it sold is by borrowing money. So, much of the boom is built on debt.

**Technological Trends**

Everyone knows that technology changed the nature of almost everything we do. We use PDAs to communicate with the office, and plan trips, manage money, and custom-build new computer online. Similarly, technology changes what businesses do and how they do it. Technology in the form of internet-based communications enable Dell and Thousands of other employers to offshore call center jobs to India. The retailer Zara does not need expensive inventories. Zara operates its own Internet-based worldwide distribution network, linked to its checkout registers around the world. When its head quarters in Spain sees a garment “flying” out of a store, Zara’s Manufacturing system dyes the required fabric, cuts and manufactures the items, and speeds it to that store within days (Kerry, 2008). Companies use virtual online communities to improve efficiency.

**Trends in the Nature of Work**

One implication is that technology has also had a huge impact on how people work, and on the skills and training today’s workers need.

*High-Tech Jobs:* More and more traditional factory jobs are going high-tech. as Roger and Azure (2002) opined, “Knowledge-Intensive high-tech manufacturing in such industries as aerospace, computers, telecommunications, home electronics, pharmaceuticals, and medical instruments” is replacing factory jobs in steel, auto, rubber, and textiles.

*Service Jobs:* Technology is not the only trend driving the change from “brawn to brains”. Today over two-thirds of the U.S. workforce is employed in producing and delivering services, not products. Between 2004 and 2014 as observed by Timothy (2003), almost all of the 19 million new jobs added in the United States will be in services not in goods-producing industries. Several things account for this (Timothy, 2003). With global competition, more manufacturing jobs are shifting to low-wage countries. There has also been a dramatic increase in productivity that lets manufacturers produce more
with fewer workers. Just-in-time manufacturing techniques link daily manufacturing schedules more precisely to customer demand, thus squeezing waste out of the system and reducing inventory needs. As manufacturers integrate internet-based customer ordering with just-in-time manufacturing systems, scheduling becomes even more precise. More manufacturers are collaborating with their suppliers to create integrated supply chains. The net effect is that manufacturers have been squeezing slack and inefficiencies out of the entire production system, enabling companies to produce more products with fewer employees. So, manufacturing jobs are down, and service jobs up.

**Knowledge Work and Human Capital:** In general, the best jobs that remain require more education and more skills. For example, automation and just-in-time manufacturing mean that even manufacturing jobs require more reading, mathematics, and communication skills than before (Kerry, 2008). For managers, this means a growing emphasis on knowledge workers, and therefore, on human capital (Roger and Azure, 2002). Human capital refers to the knowledge, education, training, skills, and expertise of a firm’s workers (Richard, 1991). Today as management guru Peter (1998), and James (2002) predicted years ago, “the centre of gravity in employment is moving fast from manual and clerical workers to knowledge workers”. SHRM (2008) demonstrates that human resources managers listed “critical thinking/problem-solving” and “information technology application” as the two applied skills most likely to increase in importance over the next five years. In other words, we are living in a high-tech, competitive world-one that puts a big premium on building and capitalizing on human capital. This makes human resource management skills such as recruiting, screening, training, and paying employees more important to employers.

**Workforce and Demographic Trends**

Most importantly, workforce is fast becoming older and multi-ethnic. At the same time, demographic trends are making findings, hiring, and supervising employees more challenging. Tony (2005) observed that in United States, experts at the Department of Labour do not expect labour force growth to keep pace with job growth, with an estimated shortfall of about 14 million college-educated workers by 2020. Dina (2008) in a study of 35 large global companies’ senior human resource mangers said “talent management”—
particular, the acquisition, development and retention of talent to fill the companies’ employment needs, ranked as their top concern.

“Generation Y”: Furthermore, some experts contend that many younger workers may have different work values than did their parents (Kathryn, 2008). Based on a study, Hewlett (2009) found that older employees are more likely to be work-centric, focusing more on work than on family with respect to career decision. Younger workers tend to be more family-centric or dual-centric, that is, balancing family and worklife. On the other hand, regardless of the employee’s age, “everyone wants to be able to trust their supervisor, no one really likes change, and we all like feedback (SHRM, 2007). Fortune magazine, says that today’s “Millennial” or “Generation Y” employees will bring challenges and strengths. It says they may be “the most high maintenance workforce in the history of the world (Kathryn, 2007). Referring to them as “the most praised generation”, the Wall Street Journal explains how Lands’ End and Bank of America are teaching their managers to compliment these new employees with quick feedback and recognition (Jeffrey, 2007). But, as the first generation to grow up using computers and e-mail, their capacity for using information technology will also make them the most high-performing (Naduira, 2007; Rebecca, 2008).

Retirees: Many human resource professionals call “the aging work force”, the biggest demographic trends affecting employers. The basic problem is that there are not enough younger workers to replace the projected number of baby boom era older-worker retirees (Rebecca, 2008). Employers are dealing with this challenge in various ways. Rainer et al (2008) in a survey found that 41% of surveyed employers are bringing retirees back into the workforce, 34% are conducting studies to determine projected retirement rates in the organization, and 31% are offering employment options designed to attract and retain semi-retired workers.

Non-Traditional Workers: At the same time, there has been a shift to non-traditional workers. Non-traditional workers include those who hold multiple jobs, or who are “contingent” or part-time workers, or who are working in alternative work arrangements such as a mother-daughter team sharing one clerical job.
Economic Challenges and Trends

All these trends are occurring in a context of challenge and upheaval. They have certainly grabbed employers’ attention. After what the world went through starting in 2007, it is doubtful that the deregulation, leveraging, and globalization that drove economic growth for the previous 50 years will continue unabated. That may mean slower growth for many countries, perhaps for years. This means challenging times ahead for employers. The challenging times mean that for the foreseeable future, and even well after things turn positive-employers will have to be more frugal and creative in managing their human resources than perhaps they have been in the past.

New Human Resource Managers

Perhaps the best way to start is with a snapshot of how personnel/human resource management evolved. For much of the twentieth century, personnel/human resource managers focused on transactional sorts of issues. In the earliest firms, they first took over hiring and firing from supervisors, ran the payroll departments, and administered benefit plans. As technology in areas like testing began to appear, the personnel department began to play an expanded role, for instance in employee selection and training (Tanuja, 2002). The emergence of union legislation in the 1930s added “Helping the employer deal with unions” to its list of duties. Today, we have seen that companies are competing in a very challenging new environment. Globalization, competition, technology, workforce trends, and economic upheaval confront employers with new challenges. In that context, they expect and demand that their human resource managers exhibit the competencies required to help the company address these new challenges proactively. In practice, this boils down to three things for human resource managers.

i) They focus more on Big Picture Issues. First, human resource management is more involved in “big picture” issues. Thus the first change is that today’s new human resource managers are involved in more “big picture” issues. They don’t just do transactional things like signing onboard new employees. Employers want them to be firms’ internal consultants, identifying and institutionalizing changes that help employees better contribute to the company’s success, and helping top management formulate and execute its long-term plans or strategies (Ben, 1998). John and Peter (2007) summarized this idea by observing that human resource managers
are shifting their focus from providing transactional services to providing top management with decisions and support. But then, who does the day-to-day transactional things like recruiting and testing employees, and signing them on?

ii) They find new ways to provide transactional services. The answer is that, the new human resource managers also must be adept at offering those traditional “bread and butter” transactional human resource services in new ways. For example, they outsource more of these services such as benefits administration to outside vendors (Sandra, 2008). They use technology such as intranet-based Web sites, for instance to enable employees to self-administer benefit plans (Victor and Genevieve, 2008; Zeidner, 2009).

iii) They have new proficiencies (Richard, 2007). Finally, strategizing internal consulting and dealing with outside vendors and technology call for new human resource management proficiencies. Of course, human resource managers still need skills in areas such as employee selection, training, and compensation. But in addition, they require broader business knowledge and proficiencies. For example, to assist top management in formulating strategies, the human resource manager needs to be familiar with strategic planning, marketing, production, and finance (Robert, 2006). He or she must also be able to speak the CFO’s language”, by explaining human resource activities in financially measurable terms, such as return on investment and cost per unit of service (Susan, 2003). Studies show that top management and Chief Financial Officers recognize the critical role human resource management can play in achieving a company’s strategic goals (Kiger, 2008). It shows they know that human capital, that is, the employees’ knowledge, skills, and experiences, can have a big effect on important organizational outcomes such as customer satisfaction and proficiency. Partly as a result, human resource executives are increasingly well paid.

Strategic Human Resource Management

Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviours the company needs to achieve its strategic aims. New strategy requires employees with the knowledge, skills, and motivation to run new organizational activities. Thus, strategic human
resource plan therefore, should include detailed guidelines regarding what skills and knowledge the workers would need, as well as exactly how to recruit, test, select, and train such workers. Without the necessary employee knowledge, training, and skills - “human capital” – in place, the new organizational activities cannot function. Strategic human resource plans should enable organizations in Nigeria to hire the employees who could exhibit the behaviours the organizations may need to accomplish their goals.

High – Performance Work Systems

The multitude of competitive and economic challenges also means that employers in Nigerian organizations must focus like a laser on productivity and performance improvement. Luc (2006) study of personnel testing effectiveness concludes that screening applicants with personnel testing device can produce employees who perform better. Similarly, well-trained employees perform better than untrained ones, and safe workplaces produce fewer lost-time accidents and accident costs than do unsafe ones. The most productive and highest performing world-class companies, like Toyota, have also long had “high – performing” selection, training, and plant safety programmes. A high – performance work system is a set of human resource management policies and practice that together produce superior employee performance.

Evidence – Based Human Resource Management

Saying you have a “high – performance” organization assumes that you can actually measure how you are doing (Mitchell and Richard, 2006). In today’s challenging environment, employers naturally expect that their human resource management teams be able to do this. For example, “How much will that new testing programme save us in reduced employee turnover?” How much more productive will our employees be if we institute that new training programme?” And, “How productive is our human resource team, in terms of human resource staff per employee, compared to our competitors?” Providing evidence such as this is the heart of evidence-based human resource management. This is the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions (Helen, 2006). Put simply, evidenced – based human resource management is the deliberate use of the best-available evidence in making decisions about the human resource management practices you are focusing on (Wendy, 2006; Soo, 2008). The evidence may
come from actual measurements you make, such as how did the trainees like this programme? It may come from existing data, such as, what happened to company profits, after we installed this training programme? Or it may come from published and critically evaluated research studies, such as what does the research literature conclude about the best way to ensure that trainees remember what they learn?

**Research Method Adopted**

This study relies heavily on views expressed in available literature with respect to trends shaping human resource management for improved organizational effectiveness and performance. Accordingly, literature survey method was adopted to discuss the issues raised in the study. The issues were critically and widely analyzed with a view to addressing the challenges of human resource management in the changing business environment. It is imperative to note that the nature of the information gathered makes qualitative analysis more appropriate for this study.

**Justification of the Study**

The study is justified on the grounds that:

- Managers in Nigerian organizations will be able to understand why human resource management is important in realizing the set objectives of the organizations in the present changing business environment.

- With the help of this study, managers and chief executive officers in Nigerian organizations will be able to know the important trends shaping and influencing human resource management.

- The study will also guide managers and other executive officers in Nigerian organizations to be acquainted with evidenced based human resource management for improved effective performance of their organizations. It is therefore the responsibility of the study to generate ideas that will lay foundations for peace.

**Conclusion**

A changing environment today tends to influence what human resource managers do and the models for engagement of human resources. Globalization means more competition, and more competition means more
pressure to lower costs and to make employees more productive and quality conscious. Technology is requiring more employees to be technologically well informed and pressuring employers to improve their human resource processes by applying new technological tools. There is more emphasis on “knowledge work” and therefore on building “human capitals, and expertise of a firm’s employees. Workforce and demographic changes mean that the workforce is becoming older and more diverse. Changes like these are manifesting themselves in important trends in human resource management. Traditionally, personnel or human resource managers focused on transactional issues such as hiring, and firing employees and running the payroll department. Today, with employers competing in a challenging new environment, employers expect and demand more from their human resource managers. For example, they expect their human resource management teams to focus more on big picture issues including instituting human resource policies and practices that support the organizations’ strategic objectives; to find new, more efficient ways to provide transactional services; and to have new proficiencies, for instance, in terms of strategizing and commanding a broader array of business knowledge. As part of this, employers expect their human resource managers to be able to create high-performance work systems that produce superior employee performance. To do so, human resource managers should be able to apply evidence-based human resource management, which means the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions.

Recommendations

There are fifteen competing strategies for engaging all of these problems.

- In providing specialized assistance, the human resource manager should carryout a line function, coordinate function, and staff functions in Nigerian organizations.

- Nigerian organizations should endeavour to place the right person on the right job.

- Nigerian organizations should and on regular basis build human capacity for sustainable livelihoods and national development.

- The employees must be provided with economic skills and real hope for the future in order to guarantee their productivity and wellbeing.
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- Nigerian organizations should strive to gain cooperation, build peaceful working relationship and improve attitudes among the people in the enterprise.
- Nigerian organizations should interpret the company’s policies and procedures to employees.
- Nigerian organizations should endeavour to control labour costs.
- Nigerian organizations should develop the abilities of each person.
- Nigerian organizations should create and maintain departments morale.
- Nigerian organizations should protect employees’ health. To bring about lasting peace, the environment in which the employees work and live must be safer.
- Nigerian organizations should extend their sales, ownership and manufacturing to new markets abroad.
- Nigerian organizations should employ workforce to produce and deliver more services than products considering the recent trends globally.
- Human resource managers should shift their focus from providing transactional services to providing top management with decisions that inform and support Nigerian organizations.
- Nigerian organizations should adopt evidence-based in management of human resources.
- Nigerian organizations should invest heavily on non-formal peace education to produce out of school youth population that would insist less on violence due to their better appreciation of the profit of peace.
References


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