

**An overview of the challenges of human resource management and
organizational performance in Nigeria**

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Abstract

Human Resource Management (HRM) is the term used to describe formal systems devised for the management of people within an organization. Conventionally, the functions and objectives of responsibilities of a human resource manager includes in amongst others, personnel management, remuneration and benefits, and job description. Put differently, the extent to which HRM is able to effectively manage the aforementioned to a greater extent determines the performance of an organization. Given the changing dynamics and context specific factors conditioning organizations, the study ascertains the challenges bewildering the efficiency of HRMs in Nigeria. The study builds on the submissions of Edward L. Gubman who asserts, the performance of organizations derives in the extent at which HRMs are able to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Against the backdrop of the findings of secondary qualitative data reviewed, the study concludes, albeit the size of an organization; HRM remains a key determinant of employee and overall organizational performance. In Nigeria however, it was observed that Small, Micro and in other times large organizations lack functional HRMs and poorly established work schedule. Lastly, for organizations to perform at optimal levels and contribute meaningfully, they need to invest in HRMs. To address the challenges, it is imperative that considerable level of formalization of employment contracts is accorded priority, and avenues for redress be established to enforce such contracts.

Keywords: Human Resource Manager, Institutionalization, Human Resource Management and Organizational Performance

Introduction

As expected, the diffusion of information and communication technology globally has transformed the manner we socialize trade, work, redistribute and manage scarce resources and even govern ourselves. In amongst other societal transformation, advancement in technology dismantled economic and social barriers, the world is becoming borderless, and the countries are fast integrating into a truly global economy. In the context of managing organizations, HRMs assumed a daunting task of driving employee efficiency and effectiveness in line with the established objectives and targets of organizations. In this evolving world HRM have to contend with and effectively manage employees of diverse socio-economic background and social orientations. In other words, we can say that the HRM is undergoing a massive transformation that will change a career path in as at uncertain ways. Employees are placing the greater emphasis on business acumen and are automating and outsourcing many administrative functions, which will force many HR professionals to demonstrate new skills and compete for new, sometimes unfamiliar roles.

In the last two decades, HRMs have had to adapt to the changing dynamics of organizational environments both internal and external. Against which arguments abounds regarding the extent at which personnel are effectively managed in line with the objectives of the organization. Given the prevalence of small and micro organizations in Nigeria, many of whom can be found in the informal sector; the study ascertains some of the plausible challenges of poor HRM on organizational performance.

Research Objective

Specifically, the objectives of this research are to examine the prospects and challenges of HRM in Nigeria, which is done with a view to establishing the relationship between effective HRM and organizational performance. Although the subject matter of HRM and organizational performance has been extensively examined, a bulk of these studies however tend to focus on HRM in advanced societies¹. For instance, Katou² conducted their studies in the United Kingdom and United States of America respectively. This research represents a conscious attempt to bridge the gap and contribute to a body of vast literature by examining the role of HRM as it concerns the primary function of human capital vis-à-vis organizational performance.

The research which depends on secondary qualitative data in the likes of academic journals, textbooks, periodic journals amongst other secondary

¹Zupan, Nada, and Robert Kaše. "Strategic human resource management in European transition economies: building a conceptual model on the case of Slovenia." *The International Journal of Human Resource Management* 16, no. 6 (2005): 882-906.

²Katou, Anastasia A. "Measuring the impact of HRM on organizational performance." *Journal of Industrial Engineering and Management (JIEM)* 1, no. 2 (2008): 119-142.

literature, examines the existence or absence of a cause and effect relationship between Human Resource Management, Human Capital Development and Organizational Performance in Nigeria. To do so, the study applies contending theoretical and conceptual perspectives in the field of HRM in line with the existential realities of HRM, Human Capital Development (HCD) and Organizational Performance (OP) in Nigeria.

Conceptual Framework

Guest³ argued that human resource management is not a replacement but somehow differs from personnel management. Practically, it suggests that HR tasks are majorly concern with the administrative activities such as recruitment, reward systems, promotion, and so on. However, it does not make HR administrators 'having a seat at the table' meaning that HR administrators is not regarded as a strategic business partner, therefore does not contribute to the success of the business Armstrong⁴. According to Olasoji⁵ HRM is a segment of management and administration that recruit, train and develop employees in line with the broad objectives of an organization. Often than not, HRM is the term used to describe formal systems put in place to guide the conduct of employees as it relates to the discharge of their functions, remuneration, reward and social capital development amongst others. Essentially, the purpose of HRM is to maximize the productivity of an organization by optimizing the effectiveness of its employees. As Gubman⁶ observed in the Journal of Business Strategy, the basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change. This proclamation is unlikely to change in any fundamental way, despite the ever-increasing pace of change in the business world (Edward, 2014)⁷

Storey⁸ defines HRM as a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques; while Byars et al⁹ see HRM as activities designed to provide for and coordinate the human resources

³ Guest, D.E., Michie, J., Conway, N., & Sheehan, M. Human resource management and corporate performance in the UK. *British Journal of Industrial Relations*, 41, 291-314, 2003.

⁴Armstrong, M. *Handbook of Human Resource Management Practices*. 11th ed . London: Kogan Page. 2009

⁵Olasoji, O. S., Title Challenges of human resource management in regards to organizational effectiveness, *Business Economics Review*. 2019

⁶Gubman, E. L.. *The Gauntlet is Down*. *Journal of Business Strategy*. Retrieved from www.inc.com/encyclopedia/human-resource-management.html, 1996

⁷Edward cited in Oladimeji Samuel Olasoji. "Challenges of human resource management in regards to organizational effectiveness" *Vaasan Ammattikorkeakoulu University of Applied Sciences International Business*, 2019: 1-56

⁸Storey, John. *Human resource management*. Edward Elgar Publishing Limited, 2016.

⁹Byars, Lloyd. Rue, Leslie. *Human Resource Management, Business & Economics*, P. 1-559, 1994

of an organization. However, the four key dimensions to HRM as postulated by Guest¹⁰ include;

- I. Commitment: It is expected of employees to identify the interests and goals of the organizations, and be aligned and committed in achieving these goals.
- II. Flexibility: Employees are expected to adapt willingly to change within the organizational structure, without any strife or prejudice.
- III. Quality: High levels performance attainment of organization depends on the quality of members of staff and management of such organization.
- IV. Integration: 'It involves the matching of human resources strategies to the needs of the business strategy

Against the relative application or execution of aforementioned HR functions, the study narrows emphasizes the interplay between HRM, human capital and organizational performance. The decision to focus on human capital takes cue from a line of thought that opines, where human capital is effectively utilized, the likelihood of improved organizational performance tends to higher.

Conceptualizing Organizational Performance

Performance is accounted as a vital factor to management. The output of an individual or a team in an organization is considered as the performance, which relates to the authority and responsibility to obtain objectives in a lawful manner in conformity with the standards of morale and ethics¹¹. Performance can be defined as the capability in an organization to achieve and effectively manage their accessible resources through various methods in order to result in a competitive advantage. Two types of performance can be stated, financial and nonfinancial (Hansen and Mowen)¹². The relationship between HRM effectiveness and organizational performance has been extensively argued in many studies (Gollan)¹³. It has been revealed that HRM can be a proper source of sustainable competitive advantage for every organization. HRM is able to affect employees' skills. This would be performed when human capital of an organization is acquired and developed and consequently, the business goals can be obtained albeit the numerous challenges in evolving world.

¹⁰Guest, David E and Michael, Clinton, "Testing universalistic and contingency HRM assumptions across job levels." *Personnel Review* (2013).

¹¹Iswatia, Sri, and Muslich Anshoria. "The influence of intellectual capital to financial performance at insurance companies in Jakarta Stock Exchange (JSE)." In *Proceedings of the 13th Asia Pacific Management Conference*, Melbourne, Australia, pp. 1393-1399. 2007.

¹²Hansen, R. and M. Mowen, *Management Accounting* (7th ed.). Singapore: South-Western, a Division of Thomson Learning, 2005

¹³Golden, Karen A., and Vasudevan Ramanujam. "Between a dream and a nightmare: On the integration of the human resource management and strategic business planning processes." *Human Resource Management* 24, no. 4 (1985): 429-452.

Theoretical Framework

Over the past decades, considerable amount of efforts has been made both in the academia, administrative and management sectors have been committed into ascertaining the interplay between HRM and organizational performance. Specifically, HRM and organizational performance or output as it is referred to in other times, have given rise to numerous theories and framework for analyzing the relationship between the aforementioned variables. Albeit their variations, researches concentrate on analyzing the process of achieving excellent performance in management and administration, motives and behavior theories of building more effective organizations. The foundation and the background of these theories are performance theories which explain the steady process of organizational effectiveness.

For the purpose of this analysis, the study builds on the submissions of the Harvard Method theory of HRM. Advanced by Beer et al¹⁴ the Harvard Method emphasizes the central role of decisions and policies that conditions the outlook of the relationship between the organization and employees as a crucial determinant of organizational output. Put differently, the extent at which HRM which is charged with the responsibility of managing available resources in line with organizational objectives. The components included in the model are: interests, situational factors, HRM policy choices, HR outcomes, long-term consequences, stakeholders and a feedback loop through. The outputs flow directly into the organization and the stakeholders and it neglects the people or pays minimal attention to them (Beer et al)¹⁵.

Beer and his contemporaries assert HRM which is the life-line of organizations belongs to the line managers other employees and operations who directly involves in the production and delivery of product, goods and services in line with established operational procedure. In the absence of which they contend that, organizations that have deficiencies in HRM are less likely to meet predetermined objectives. Line managers are usually the lowest level of management in the organization hierarchy. In their meetings, they suggested that human resource had two characteristics features : a) Ensuring the alignment of competitive strategy and human resource policies are the added responsibility of the line managers; b) Setting policies that govern how human activities and developed and take them into effect in a manner that makes them more strengthen (Beer et al)¹⁶.

According to Thierry¹⁷ the Harvard Model outlines four HRM policy areas: Human resource flows (recruitment, selection, placement, promotion, appraisal and assessment, promotion, termination, etc.); Reward systems (pay systems,

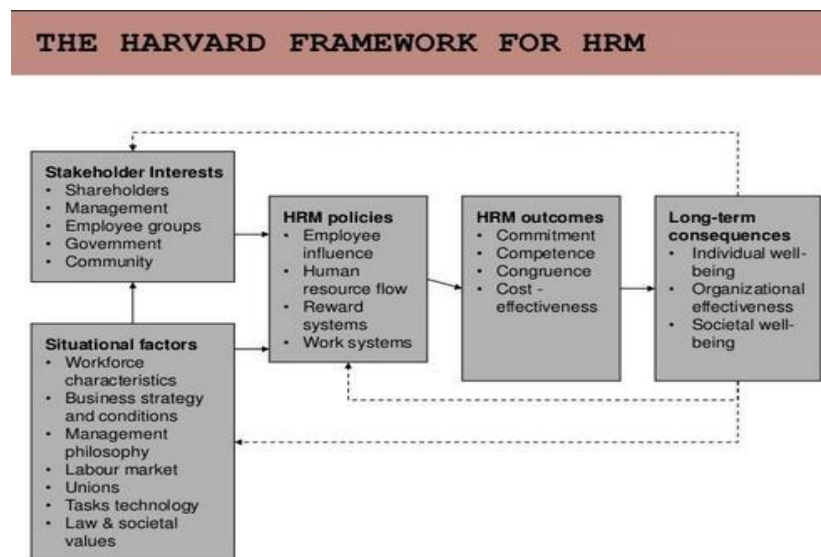
¹⁴Beer, Michael, Paul Boselie, and Chris Brewster. "Back to the future: Implications for the field of HRM of the multistakeholder perspective proposed 30 years ago." *Human Resource Management* 54, no. 3 (2015): 427-438.

¹⁵ Ibid

¹⁶ Ibid, 182

¹⁷Thierry, Tchatchoua, Tsapi Victor, and Paul Djeumene. "What about HRM in SMEs: An Analysis Based on the Strategic Vision of Cameroonian SME Owner-Managers." *Acta Universitatis Danubius. (Economica* 14, no. 7 (2018).

motivation, etc.); Employee influences (delegated levels of authority, responsibility, power); Work systems (definition/design of work and alignment of people). This in turn leads to the 'four C's' or HR policies that have to be achieved: Commitment; Congruence; Competence and Cost effectiveness. An illustration of the Harvard model is presented below in figure 1.



Source: Bear et al, 1984

Building on the pedestal of the Harvard model the research postulates, organizational performance can be determined by the extent to which an organization is able to effectively manage human capital resources at its disposal to achieve desired outcomes. It goes on to argue that, while other factors such as capital and means of production are necessary conditions for establishing an organization, in the absence of a motivated human capital such organizations are less likely to compete in an increasing interdependent world.

The Link between Human Resource Management and Organizational Performance

It is thought that HRM aid organizations in selecting and developing the capacity of employees in line with the broader objectives of an organization. In amongst other functions, HRM policies should guide the behavior of the employees in the organization and helps them to adopt the working atmosphere of the organization¹⁸. It is against this the research argue, HRM division of an organization makes a suitable working environment for the organization. The HRM follows ethical approach on selecting or promoting any employee in the organization. It helps the employees to understand their roles in the organization and clears the organization goals and perspective. Human

¹⁸Pratoom, K., Savatsomboon, G. Explaining factors affecting individual innovation: The case of producer group members in Thailand. Asia Pac J Manag 29, 1063–1087 (2012)

resource management of an organization enhances the performance of the employee.

The HRM of an organization plays vital role in designing structured methodology in order to eliminate the challenges oriented with the human resource management approaches. The HRM considers both elements exploration and exploitation which enables the organization to support effective human resource management for sustainable growth. The effective HRM practice at organizational level requires effective management, leadership approach of managers, constructive evaluation, effective feedback system and supportive co-workers. The HRM helps in making effective strategic implementations and supportive work culture of an organization enables the organization which helps in gaining enhanced revenue with cost saving and improved performance. Therefore, effective HRM is a potential factor which can inhibit or enhance performance of an organization. Apart from this, HRM encouragement plays essential role in developing innovation and creativity. The advanced feedback system can serve as a framework for addressing employee grievances before they transform into de-motivation. This effective feedback is likely to suffer setbacks if the HRM structure of an organization is ineffective.

Challenges of Organizational Performance in Nigeria

Albeit the vast potentials and probable implications HRM may have on organizational performance, the changing dynamics of the environment within which organizations operate. In this regards, some of the challenges are beyond the capacity of organizations and in other times state. In what follows the study attempts to highlight some of these challenges:¹⁹

Globalization in Human Resource Management

The term Globalization has invaded the mind of every successful businessman and the concept of Global Village is common issue in modern business world. Globalization is a process that is drawing people together from all nations of the world into a single community linked by the vast network of communication technologies. This aspect of globalization has also affected in the business world of today. HR Manager today need not rely in small limited market to find the right employees needed to meet global challenges, but today they can recruit the employees from diverse socio-economic and educational background. A multicultural workforce is one made up of men and women from a variety of different cultural and racial backgrounds. The labor force any country is a reflection of the population from which it is drawn, despite some distortions that may be caused by discrimination or cultural bias in hiring. Thus, it is important for a HR manager to create an environment in which the positives of diversity are harnessed and the negatives are minimized as much as possible.

¹⁹ Lawler I. L., Edward E., and Jay A. Conger. "The sustainable effectiveness governance model: Moving corporations beyond the philanthropy paradigm." *Organizational Dynamics* 44 (2014): 97-103.

Employee Selection

Employee selection is an important process for any organization, but particularly for small business that can be challenged to compete with larger employees. Small business needs capable and competent employees to help them develop and deliver high quality products and services. Not only are these difficulties but there some other factors which influence the employee selection. Thus a HR manager needs to consider all these factors while selecting the best suitable employee for his organization. Some of the factors which affect the employee selection are as follows.

Training and Development

Training is about knowing where you are in the present and after sometimes where you will reach with your abilities. By training, people can learn new information, new methodology and refresh their existing knowledge and skills due to this there is much improvements and add up the effectiveness at work. The motive behind giving the training is to create an impact that lasts beyond the end time of the training itself and employees get updated with the new phenomenon. Training can be offered as skill development for individuals and groups. Organizational Development is a process that “strives to build the capacity to achieve and sustain a new desire state that benefits the organization or community and the world around them. The human resource department faces many challenges in a workforce’s training and development, from ensuring the stability of the high performing individuals who drive the company coaxing success from untapped potential employees and under achievers alike. Investing in the training and development of lower level employees is another common HR problem. Some businesses have trouble finding the resources to do so. Employees on the front lines are some hardest workers and may not have the time to take a training course.

Dispute Resolution and Conflict Management

There is no organization without conflict situations. It is known that 80% of conflict situation occur independently of human will. Its causes are people’s individual characteristics, as well as structure of the organization, conditioned by the culture established in the organization. Work-Life-conflict is a clear and present danger to organizations and denial of this fact would be at the peril of accepting suboptimal employee performance. HR managers should know how to handle employee-employer and employee-employee conflicts without hurting their feelings. Although it is almost impossible to avoid conflicts among people still handling them tactfully can help HR managers to resolve the issues. They should be able to listen to each party, decide and communicate to them in a convincing manner in order to avoid future conflicts.

Overcoming the Challenges of Human Capacity and Organizational Performance in Nigeria

Edward and Lawler²⁰ emphasizes that what makes organizations effectiveness is how they organize staff and manage their human capital. Modern organizations are dependent on complex systems and the knowledge of their employees. He also mentioned that if human resources can identify key talent areas and man-aging critical talent, it has opened the door to being a major strategic player, with respect to organizational effectiveness. Organizational effectiveness is hard to measure as there is no unified definition of the organization-al effectiveness. Each company has to design its own measures and has to define the desired target values. The organizational effectiveness is essential for the triumph of the recent organization. Human resource management decisions are likely to have an important and unique influence on organizational performance. The modern business cannot effectively operate in the business world if the human force not well equipped with the latest technology and techniques. This is the responsibility of the human force manager to properly train the work force and to see what the basic need for the human force to achieve the competitive advantages of business in 21st century. Great debates on this topic going on for several years and no doubts human is an important part of any organization but due to rapid changes in the business world, globalization, change in customer taste and habits, new techniques of production, human in the organization now facing different kind of problems, to cope this situation the today's HR manager also facing a variety of issues and challenges that how they can best mange and solve all these issues and challenges with splendid ways.

As discussed in the previous pages those dominant issues and challenges which are facing by HR mangers and organization. The first foremost work by the HR is to developed sound organizational structure with strong interpersonal skill to employees, and also to train employees by introducing them the concept of globalize human resource management to perform better in the global organization context. All these issues and challenges like, work force diversity, leadership development. Change management, organizational effectiveness, Globalization, E- Commerce, succession planning and compensation etc., Can be best management by HR manager when they will work with HR practices, such as rigid recruitment and selection policy, division of jobs, empowerment, encouraging diversity in the workplace, training and development of the work force, fostering innovation, proper assigning of duties and responsibilities, managing knowledge and other functions as are shown. Nutshell when HR works enthusiastically by keeping all the practices in mind, competitive advantages can thus be accomplished, the value of human resource can be improved, organization efficiency can be enhanced, and the organization will sustain to survive.

²⁰ Lawler I. L., Edward E., and Jay A. Conger. "The sustainable effectiveness governance model: Moving corporations beyond the philanthropy paradigm." *Organizational Dynamics* 44 (2014): 97-103.

Conclusion

From the view point of above explanations, the HRM in today's era has to mount the expertise, mindset and capabilities that are needed to gain a competitive edge on global scale. HR manager must be on continuous look out for creativity and innovation as it is known to be the key to success. It depends highly on HR to face the challenges of globalization which has given an entirely new view to organizations. The organization have grown savvier in using technology hence it is important to adopt all changes. Not only globalization effects but also some other factors like technological changes, competency of existing employees and well developed skill and knowledge among younger generation, laws and regulations regarding employee benefits and increasing competition in business environment will be a very challenging thing which a HR manager must have to keep in mind while recruiting and selection of the best employee. It is essential to understand that the everyday routing of human resources management towards organizational effectiveness is different from the management of human resources. It reaches out to every level of management, right from the top to the supervision level, in the process of doing it, all the managers will be filled with information in order to make the very best use of the workers and to keep the motivation level at maximum.

Recommendations

Based on the findings in this research, it is recommended that:

- i For organizations in Nigeria to effectively manage available human resources to attain predetermined objectives of such an organization, it is imperative that HRM have the capacity to effectively manage the resources at its disposal for the benefit of the organization.
- ii Secondly, in a highly competitive world accompanied by evolving trends in organizational structures and functions, it will be less likely for organizations to channel their human resources to align with organizational performance. To address this challenge, it is pertinent that organizations build their capacity of its human resources and move away from conventional HRM technique to a more digital one. The role of Information and Communication Technology on achieving this change cannot be over emphasized.
- iii Furthermore, employee selection and compensation seem to be poor and lacking in professionalism. Too often employments are given on the basis of individual recognition, social affiliations and in other times sold to the highest bidder, more so in public establishments. Hence, it is important that employee selection methods are standardized and employment offered on the basis of competency and not necessarily academic or professional qualifications.
- iv Lastly, following a review of the Harvard Model, the paper concludes the need for organizations to adopt clearly defined HRM models if they are to utilize available human capital to meet organizational objectives.

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