Creating Value Through People: 
Best Human Resource (HR) Practices in Nigeria

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Abstract: This paper explores the strategic role of the human resources of an organization. The HR function focuses on building the human capital that drives the organizational activities to success. The in-depth analysis of the relevant literature shows that the workforce that is properly and continuously trained and developed through effective capacity building leverages the organization to achieve a competitive advantage and the bottom line. The human resource management function, essentially concerned with all matters related to employment relationships in the organization — that is, attracting, developing, motivating and maintaining a vibrant workforce — must be handled dutifully in strategic partnership with the HR professional. The paper recommends the HR strategies and practices that managers can adopt to drive optimum value from employees, and these range from proper selection of the right people through employee empowerment, capacity building, employee motivation to improved organizational rewards.

Key words: Human resources; Human resources management; Competitive advantage; Capacity building; Training and development; Distinctive competencies

1. INTRODUCTION

Every business organization is essentially set up to provide superior value to the market place which in turn enhances the profitability level of the enterprise. The market place value is a consequence of energizing and focusing organizational employees to create and deliver value (Maister, 2002). The organization employees constitute the human resources that drive the business operations, contributing significantly to enterprise performance and the bottom line.

Of all the resources available to the manager, that is, human, financial and materials, the most potent, central and strategic of them all is the human resource (the people or workforce), that gives the organization sustained competitive advantage. Perrin (1990:6) in IBM sponsored study, notes that the “human resource is being transformed from specialized, stand-alone function to a broad corporate competency in which HR and line managers build partnerships to gain competitive advantage and achieve overall business goals”. “Competitive advantage is defined as a anything that gives an organization an edge over the competitors in its market” (Inyang, 2010:23). Porter (1985), notes that the unique talents among employees, including flexibility, innovation, superior performance, high productivity and personal customer service are ways employees provide a critical ingredient in developing a firm’s competitive position. Chiavenato (2001), similarly notes that employees are purveyors of activities and knowledge whose most important contributions in the organization are their intelligence and individual talents. Adeyeye (2008:489), aptly notes that “structures, systems, processes, plus other resources, are driven by the human resource (HR)”. 

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*Received 1 December 2010; accepted 15 January 2011
There is a growing consensus that effective management of the human resource is critical to an organization’s success (Barney & Wright, 1998; Rudman, 2001; Jackson, Hitt & DeNisi, 2003; Akhtar, Ding & Ge, 2008; du Plessis, Hobbs & Marshall, 2008; Inyang, 2010).

The proper management of people as organizational assets and the adoption of appropriate human resource policies, practices and strategies enhance organization’s performance and profitability. In fact, these are the factors that help distinguish a successful business enterprise from an unsuccessful one. The manager’s responsibility is to understand the fundamental issues of people management, the acquisition, development, motivation and maintenance, of an effective workforce to create and deliver value.

The three-fold objectives of this paper are:

1. To explore and analyze the strategic role of HR and capacity building.
2. To define the core responsibilities of HRM
3. To discuss the HR strategies for managing people to create value in the organization

The paper is accordingly divided into seven sections. The first section which is the introduction is followed by the analysis of the role of HR function and capacity building, and the HRM system. Section four presents the core responsibilities of HRM while section five states the justification for maintaining the HRM function in the organization. The strategies for effectively managing HR in organization are presented in section six. Section seven concludes the paper.

2. THE ROLE OF THE HR FUNCTION AND CAPACITY BUILDING

The human resources include not only the knowledge, skills and abilities of organizational members under direct employment relationship but also the behaviours they exhibit. The HR is therefore a strategic asset that must be properly managed. The HR function focuses on building the human capital that drives organizational activities. In fact, all matters that are connected with the management and development of people in the organization come under the purview of the HR function.

The two key roles of HR function according to Armstrong (2005) are:

1. Ensuring that management deals effectively with everything concerning the employment and development of people, as well as employment relationships between management and the workforce.
2. Creating a conducive environment that enables people to make the best use of their capacities and to realize their potential to the benefit of both the organization and themselves.

Interestingly, the traditional, transactional and administrative roles or responsibilities of the HR function have shifted as the HR professional now becomes a strategic business partner. In this new role or mandate, the HR can deliver value in the organization in four ways, according to Ulrich (1998).

1. HR should become a partner with senior and line managers in executing business strategy and helping to improve planning from the boardroom to the market place.
2. HR should become an expert in the way work is organized and executed, and to deliver administrative efficiency to ensure cost reduction and quality products and services.
3. HR should become a champion for employees, by representing their interest to senior management, and working to increase employee contribution, that is, their commitment to the organization and their ability to deliver results.
4. HR should become a change agent, by shaping processes and culture that together improve an organization’s capacity for a change.

To satisfactorily perform this new mandate, and to drive the transformation process to create value in the organization, the HR professional needs to be properly and continuously trained and developed. This is the issue of capacity building, a central process in achieving effective performance in the organization. For organization to achieve high efficiency and effectiveness in its operations, the workforce, according to Sanusi (2002:6) “must be well-trained and equipped and should be made to see itself as a partner in
progress with the industry. Thus enhanced efficiency and productivity of the workforce can only be delivered and sustained through capacity building, training, retraining and commensurate reward for performance”. Dacri (n.d) notes that job specific training and interpersonal skills training are essential in a world experiencing rapid changes that require people to work in a collaborative team environment.

Human resource capacity building “is the long-term investment on the workforce or the human capacity in the organization in the form of training and development to enhance the creative potential of the employees” (Inyang, 2008:53). It is a re-engineering process that is aimed at achieving corporate excellence. One of the important elements of capacity building is human development, especially, the provision of knowledge, positive attitude or job skills that will enhance employee’s current or future performance. Trained, developed and skilled human resource constitutes the human capital. Chinsman (1999:6), notes that “human acquisition of knowledge, skills and abilities that sustain economic productivity amounts to human capital”. This is the capital required for efficient transformation of activities in the organization and the nation. According to Yesufu (2000:323), “the nation, in order to survive in the modern world, must devote a high proportion of its resources to developing its human resources in terms of numbers, quality and mix. The mix in particular, must be continuously watched, analysed, planned, and adapted in order to ensure optimum overall economic and social development.

The people factor must be given serious attention in the organization, and the human resources adequately trained to unleash their creative potentials for the dual benefits of the organization and themselves. In fact, planned training and development help to change the behavior of employees by giving them additional specific knowledge, skills or attitudes they need to perform and face the challenges of their job. Capacity building is also necessary in facilitating the attainment of enterprise goal through the optimum use of manpower or the employees of the organization. This point adumbrates the fact that employees are truly the greatest asset of a business. Employees do the work and bring new fresh ideas that help the company grow not only in customer growth, but new products and services that can help to raise the bottom line (Thinkbig, 2009).

3. HUMAN RESOURCES MANAGEMENT (HRM) SYSTEM

Managing people in organization is an important activity under HRM. Sims (2002:2) defines HRM as “the philosophy, policies, procedures, and practices related to the management of an organization’s employees”. HRM is essentially concerned with all the activities that contribute to successfully attracting, developing, motivating, and maintaining a high-performing workforce that result in organizational success. Inyang (2001:8) considers HRM as “a set of organization-wide and people-oriented functions or activities deliberately designed to influence the effectiveness of employees in the organization”. Storey (1995) sees HRM as a distinctive approach to employment management which seeks to achieve a competitive advantage through strategic deployment of highly committed array of culture, structure and personnel techniques. The human resource is, in fact, one significant resource and a source of distinctive competence in the organization, which must be planned for to enhance organizational survival and growth (Inyang, 2000; Oribabor, 2000).

A distinctive competence is “any advantages a company have over its competitors because it can do something which they cannot or it can do something better than they can” (Sharplin, 1985:93). A distinctive competence gives an organization a competitive advantage, that is, a competitive edge over the competitors in the industry. This concept is used interchangeably with core competencies, which include the particular skills, and resources a company possesses as well as the way these resources are used to produce outcomes (Fiol, 2001). According to Bani-Hain & Al Hawary (2009:95), core competencies “are particular strengths relative to other organizations in the industry which provide the fundamental basis for the provision of added value”.

Valuing, training and retaining employees bring a powerful competitive advantage for an organization as shown in figure 1.
Figure 1: Competitive Advantage through people

From the figure above, the human resources and the capabilities that embed in the human capital of an organization constitute the distinctive competencies, which drive superior efficiency, quality service, innovation, customer responsiveness, performance and effectiveness. Value is then created through these processes, which then ultimately result into increased profit for the organization in the marketplace.

4. THE RESPONSIBILITIES OF HRM

Modern management practices place HRM as a core management function. The performance of the several activities is instrumental to the survival of the organization. These diverse functions as identified by the different scholars (Cascio, 1992; Banjoko, 1996; Bartol & Martin, 1991; Sims, 2002; Armstrong, 2005) are for ease of analysis, grouped into four major interrelated activities to form the core responsibilities of the HRM as shown in Figure 2. “The HRM practitioners must appreciate the enormity of the following responsibilities; develop the necessary skills and competence level to handle these functions, to ensure organizational effectiveness (ability to achieve goals) and efficiency (expenditure of the least amount of resources necessary)” (Inyang, 2001:9)

4.1 Acquisition (Human Resource Planning)

The management responsibility here involves ensuring that the right number and kinds of people (human inputs) are available at the right place and right time, and have the capability and competence to work effectively and efficiently so as to achieve the objectives of the organization. The acquisition function involves forecasting future needs for employees of various types, comparing this need with the present work force and determining the number and types of employees to be recruited or phased out of the organization. Acquisition then includes recruitment, selection, placement and socialization of employees.

4.2 Development

This involves providing employees with additional training or education to enhance performance and avoid human obsolescence. This function can be considered along four dimensions.

a. Employee training - to enhance skill development and attitude change.

b. Organizational development – which seeks to change the nature of the organization, or some sub-unit of the organization to bring about total organizational improvement.

c. Management development – which is concerned with knowledge acquisition and enhancement of the top manager’s conceptual abilities.

d. Career development – organizational effort to match long-term individual and organizational needs.
4.3 Motivation

Individual employees’ needs and desires are different and quite varied – a fact the manager must recognize and therefore apply appropriate motivational techniques to elicit/stimulate performance, and enhance job satisfaction. Hence, issues of performance appraisal, job satisfaction, work environment, reward system are important issues to consider.

4.4 Maintenance

This function is concerned with providing those benefits, services and working conditions that employees believe are important in order to maintain commitment to the organization. Safe and conducive working conditions, industrial harmony, etc., are examples of these benefits that are of value to the employees in the organization. The HRM practices are therefore valuable to any company’s success. Thus to be successful in a global market place, the challenge for all businesses regardless of size is to invest in human resources. They need to select and retain talented employees, undertake employee training and development programmes and dismantle traditional bureaucratic structures that limit employee’s ability to be innovative and creative.

5. JUSTIFICATION FOR MAINTAINING HRM FUNCTION

Apart from the competitive advantage organizations achieve through employees, there are several obvious reasons why the organizations maintain effective HRM function.

- Utilizes people to their full capacity and potential
- Enables management achieve organizational goals through its workforce
- Fosters commitment from individuals to the success of the organization through quality orientation in their performance and that of the whole organization
- Integrates human resources policies with business plans, reinforce an appropriate culture or, as necessary, reshape an inappropriate culture.
- Establishes an environment in which the talents, creativity and energies of employees will be unleashed.
- Creates conditions in which innovation; team work and total quality can flourish; and
- Encourages willingness to operate flexibly in the interest of the adaptive organization and the pursuit of excellence.

The modern HR function is fast developing into a science of human engineering. The HRM practitioner is developing more systematic strategies to transform the environment of work by enabling people contribute to their maximum potential.

6. STRATEGIES FOR MANAGING HR IN ORGANIZATION

The management of HR in an organization comprises all the people-related activities that are carried out within the organization, and these include salary administration, performance appraisal, career planning and so on, according to Templer and Cattaneo (1995). The organization must develop appropriate HR policies to effectively manage people to create value. Some of the strategies to be adopted to drive optimum value from employees or the workforce are:

6.1 Proper selection of the right people

Organization is bound to suffer seriously if its recruitment policy is based on sentiments, politics, ethnic chauvinism rather than objective criteria of competence, experience, qualification, merit and the likes. There is the note-syndrome prevailing in the country, especially in the public service, which allows a potential applicant to get notes from powerful personalities to influence one’s appointment. Etukudo
(1999:6) cites a study conducted in Makerere University, Kampala, Uganda, which noted a prevailing culture of “Personalissimo” among Africans. “Personalissimo” is defined as “The social process of knowing somebody, who knows someone, who knows the person from whom you need a service”. The enterprise should know what it is looking for through the hiring process and once there is no deception, conditions of employment and existing opportunities on the job are clearly stated, the challenges are there for the new employees who would want to put in their optimum automatically. A serious organization must always set very high standards to ensure that only the right people are brought into the service, and appropriately placed in existing positions. According to Adeyeye (2008, 492), “recruitment must be based only on standard-based, merit-driven, well-structured and articulated plans, that secure the strategic and operational needs of the business. ‘No in-law’ factor, ‘home-town’ factor, ‘childhood friend’ factor, or pressure from above”. This is a critical issue in harnessing people skills to achieve results.

6.2 Performance management
An efficient system of managing performance must be established. This is necessary to identify critical success factors of each job, performance standards or targets and effective monitoring of performance. Employees must be focused on the things that are important to the business. “Performance management is a systematic approach to the management of people, using performance goals, measurement, feedback and recognition as a means of motivating them to realize their maximum potential” (Alo, 1999:89).

6.3 Recognition and appreciation
Recognition and appreciation of a job well-done gingers the individual’s self-image and self-recognition to optimum-heights. Such good radiance should be communicated not only to the individual but others as well. Same goes for criticisms of undesirable acts. Where recognition is seen as fair and honest and expected to yield optimum value, it must be properly timed so as to reinforce the linkage between that act and the renewal.

6.4 Staff empowerment
Staff empowerment means allowing employees to participate in decision-making, expressing confidence in their ability to perform at high levels, designing their jobs so they have freedom, setting meaningful and challenging goals, applauding outstanding performance, and encouraging people to take personal responsibility for their work. Imhanlahimhin (2007: 45) defines empowerment “as the equipping and strengthening the capacity of employees in order to perform their assigned functions much more satisfactorily in the tripartite interest of the organization, themselves and the larger society or market”. Empowering the employee is not only a sign of recognition but it grants the employee a greater degree of independence of action and freedom from close supervision. It imposes a greater measure of responsibility and therefore challenges his ability. When well empowered, employees put in their optimum value. Empowerment can motivate employees to run the operation as their own. This can make employees experience organizational citizenship, which refers to the behavior of an individual who makes a positive overall contribution to the organization. Organizational citizenship behaviours, “extend beyond the usual job duties: avoiding unnecessary conflicts, helping others, tolerating imposition, being involved in organizational activities, and performing tasks beyond normal role requirement” (MeShane and Von Glinow, 2000:39).

6.5 Training and development (capacity building)
To harness people skills to achieve optimum results, the training and development function must be carried out on a continuous basis. There must be adequate investment on the employees in the form of training, career development, self-development, mentoring, coaching and counseling. “The market-driven worker requires continuous knowledge empowerment, only possible through deliberate, sustained and continuous training” (Adeyeye, 2008: 492). “For any organization, whether in the public or private sector of the Nigerian economy to achieve its goals and objectives, the human resources already in the employment of that organization, must adequately be taken care of in terms of training and development” (Gberebie, 2004:188). Such capacity building effort helps the employees to improve their performance and develop the potentials to handle future challenges. Bartlett & Ghoshal (1990) in their study which focuses on the organizational adoption of multi-dimensional structures, conclude that successful companies were those
that focused less on the quest for an ideal structure and more on developing the abilities, behaviour, and performance of individual employees and managers. Training and development drive these abilities in employees.

6.6 Strengthen employee capacity

You cannot derive any value from an ill-equipped workforce. It should be equipped with needed skills and performance equipment. Nothing seems to frustrate any worker more than being assigned a job he has little aptitude. If the worker has been prepared for the role expected of him, it becomes the link between his efforts and the outcome desired (expectancy perceptions). He regards the job as within his competence and puts in his best for optimum results. Michlitsch (2000: 31), aptly notes that “when skills are greater than challenges, boredom produces uninspired, non-productive employees. When challenges are greater than skills, anxiety interferes with performance. It takes the right combination of skills and challenges to develop and inspire a workforce of competent and productive employees”

Stretching the above points further, the employee’s capability can be strengthened through selection process, adequate training, and development, job simplification, job enlargement and job rotation. These activities help to change the characteristics of the workforce, increase it ability and ensure a higher degree of match between the employee’s ability and the job. The ultimate result is an optimum performance leading to increased productivity and increased profit.

6.7 Self commitment

Another important strategy to get the optimum value from an organization’s human asset is to introduce participative management. Employees should be involved in planning, goal setting and strategic reviews for the organization. Getting involved in certain decision making, shareholding and a sophisticated aspect of management would ensure their commitment, loyalty and optimum value.

6.8 Good management

The organization should not pay lip service to the concept of good management in its entire ramification. If the organization practically keeps to the tenets of its policies, ensure honesty, complete and sincere communication with employees and customers, keeps workers abreast of its plans, success, problems and failures, the employees would see in the organization a “trusted partner” worth dying for. Corporate or organizational citizenship will be high among the employees.

6.9 Employee motivation

This is an important management process, which must be handled properly to get the best from the employees. According to Ejere (2010: 177), “No organization can hope to achieve high level of performance without a well motivated workforce”. Motivation refers to those factors that pre-dispose employees to act in one way rather than another, in the workplace. The manager must create the right environment to motivate employees. By this, the employees are able to realize their personal interests and aspirations within the context of the organizational objectives. This is bound to improve the level of performance of the employee. Motivation comes from challenge, recognition for achievement, making people feel important, and enabling them to make a meaningful contribution. In fact, a motivated workforce is an asset to the organization. Motivating workers is then the “task of creating and sustaining the desire and willingness of employees to perform their allotted tasks with utmost efficiency for the achievement of the objectives of the organization” (Ajuogu, 1997:143).

6.10 Organizational rewards

Since managers desire efficiency to bring out productivity and employee job satisfaction, they are expected to offer employees adequate organizational rewards. These are the material and psychological payoffs for doing something. The two types of organizational rewards that an employee can receive in exchange for this contribution of time and efforts are:

Extrinsic rewards: money (wages and salary), fringe benefits, promotions, recognition, status symbols and praise; and intrinsic rewards: these represent those rewards that are related directly to performing the
job. They are examples, a sense of accomplishment, self-esteem, autonomy, personal growth and self-actualization.

Both intrinsic and extrinsic rewards can be used to motivate performance, increase employee’s commitment, loyalty and hence productivity.

6.11 Building a sense of shared purpose
At the heart of the ability to manage people for productivity enhancement is the creation of shared purpose. All employees of an organization must be allowed to contribute to the determination of the organization’s purpose. This stems from the organization culture and represents a uniform way of thinking, perceiving and valuing both organizational goals and the processes used to reach the goals. Human resources management process must be designed to embed corporate ambition and instill organizational values which bond people to the organization. The processes should be reviewed to give meaning to employee’s work by recognizing individual accomplishment, commitment to sharing information and knowledge and foster individual initiative.

Communication and sharing of information are powerful tools in the development of shared purpose in employees and will achieve control through internalized behaviour, development of personal values and interpersonal relationship that encourages self monitoring and foster team spirit. This facilitates corporate goal attainment.

6.12 Creating a learning organization
A learning organization harnesses the full brain power, knowledge and experience available to it, in order to evolve continually for the benefits of the stakeholders. This implies putting in place processes that will harness individual knowledge and skills for the competitive advantage. The individual should be encouraged to take responsibility for his or her personal development for future employment prospects while the organization on its part determines the competencies required for survival and develop them through adaptive training in employees. The employees will acquire more skills in order to play more than one role at work. That is, become multi-skilled. Creating a learning organization is tantamount to accepting and embracing the emerging concept of knowledge management, which is technology-driven, and requires the organization to pool and retain the available knowledge for the benefit of the enterprise.

It is obvious from the above discussion that the organization can, through human resources, knowledge and capacity building assist in the creation of resilient workforce that would be dedicated to the idea of continuous learning, prepare to reinvent itself in order to face the challenges of change and take more responsibility to see the corporate objectives are achieved.

7. CONCLUSIONS
The effective management of people in organization is a driving force in the transformation process that enhances the achievement of a competitive advantage, which sets the enterprise ahead of others. Since the human resources of the organization create value, the manager needs to understand the fundamental issues concerned with acquisition, development, motivation and maintenance of an effective workforce to deliver results. The appropriate HR strategies that can be adopted to drive optimum value from employees of an organization range from proper selection of the right people through employee empowerment, training and development, employee motivation to improved organizational rewards system. The timely and educative advice given by Maister (2002) is worth noting that:

“To make money, managers should not spend all their time managing money, but should instead devote their efforts to the things that produce the money: the enthusiasm, commitment, and drive of the labour force. Don’t manage money. Manage people”.

The proper management of the human resources of an organization therefore helps to bring the best in the employees, to create value for the enterprise.
REFERENCES


