



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL  
OF ADVANCED RESEARCH

## RESEARCH ARTICLE

## Appraisal of Human Resources Management in a performance of Nigerian business Organizations

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### Manuscript Info

#### Manuscript History:

Received: 15 August 2015

Final Accepted: 22 September 2015

Published Online: October 2015

#### Key words:

HRM, Business Organization,  
Performance

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### Abstract

This study examined the extent at which Human Resource Management affect the performance of business organization. The study used survey research design and the data collected were analyzed with five point Liker's scale. The hypotheses were tested with simple regression analysis. From the analysis, this study found that Human Resource Management has effect on the performance of business organization. This has to do with training and development, good planning system and proper management as a motivator. It recommended therefore that Human Resource Management should be a management priority to imbibe the organizational efficiency and effectiveness in order to achieve optimum human resource management and improve in organizational productivity.

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## INTRODUCTION

Human resource management is a discipline, a professional specialization that has developed in recent years as a broad spectrum, encompassing various field incorporated and synthesis with certain element of personnel management organizational behavior industrial and labour relationship etc. Human resource is argued to represent an asset that can provide a source of competitive advantage because it's often difficult to duplicate by competitors and hard to substitute even within the same organization. Strategic HRM can therefore, be used by organizations to acquire and develop this valuable capital. A number of studies have actually demonstrated that SHRM practices, either individually or as a system, are associated with higher levels of performance (see, Huselid, 1995; Huang, 1998; Dimba and K'Obonyo, 2009; Abdulkadir, 2009).

One of the issues that have featured prominently in the discussion of these interactions is the question of whether the relationship between Strategic HRM practices and indicators of organizational performance is universal or contingent. The universalistic view suggests that certain types of HRM practices are more effective than others (Pfeffer, 1994; Huselid, 1995). For example, organizations that use innovative recruitment and selection systems should typically have more effective, efficient and motivated workforce than organizations that do not. The contingency view, on the other hand, suggests that the effectiveness of HRM practices is contingent upon other factors such as organizational climate, culture, competitive strategies, e.t.c. According to this argument, HRM practices that enhance the knowledge, skills, ability and motivation of employees would have a greater impact on performance if the organization is using a strategy that requires highly skilled and motivated employees (Neal, West & Paterson, 2005).

### 1.2 Statement of problem

Various studies have been carried out on Human Resource Management, in relation to with higher levels of organizational performance (Bartel, 2004; Dimba and K'Obonyo, 2009; Abdulkadir, 2009 & 2012; Enyioko, 2011). However, the need for human resource management is vital for competitive advantage. The impact of human

resource practices has been studied by many researchers. Sang (2005) investigated the influence of human resource management practices on firm performance and they found a positive relationship between those practices and firm performance. Chia-Hui and Hsing (2011) verify and understand, with intellectual capital being the mediating variable, how the implementation of Human Resource Management System (HRMS) affects the organizational performance. The study of Enyioko (2011) examines the human resource management and performance optimization in Nigerian universities. These studies might have investigated positively or negatively in relationship between human resource management and business performance. Little has been done on the extent human resource management affects the performance of organization. This study however seeks to determine the extent at which human resource management affect the performance of business organization in the areas of compensation, welfare, awards, motivations etc in order to bring out the best from employees in the organizations.

### 1.3 Hypotheses (Null)

1.  $H_0$ : *There is no effect between compensation strategies and employees performance.*
2.  $H_0$ : *Employee's welfares have no effect the productivities of business organization.*

## 2.0 Review of the Literature

### 2.1 Concept of HRM

Human resource management is administrative activities associated with human resources planning, recruitment, selection, orientation, training, appraisal, motivation and also a functions within an organization that focuses on people (Wikipedia, 2012). According to Wikipedia, Human resources is the set of individuals who make up the work force of an organization. Human resource management encompassed activities designed to provide for and coordinates, all human element within the organization. This will ensure its stable continuity and achievement. The human personnel element represents one of the company's largest investments (Susan, 2012).

Human resource management practices involve all those activities and decisions that directly influence the organization's human resource. There are number of different elements of human resource practices that have impact on organizations' performance optimization (Enyioko, 2011). Susan (2005) stated that human resource management is the function within an organization that focuses on recruitment of, management of and providing direction for the people who work in the organization. Human Resource management can also be performed by line manager. Human resource management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration and training.

According to business dictionary (2012), human resource is the division of a company that is focused on activities relating to employees. These activities include recruiting and hiring of new employee, orientation and training of current employees, employee benefit and retention formerly called personnel.

Strategic HRM focuses on several issues including the fit between human resource management practices and organizational strategic goals, the integration of human resource management in the organizational strategic management, the involvement of human resource function in senior management teams, the devolvment of human resource practices to line managers and taking of strategic approach to employee selection, compensation, performance appraisal and the value that is added to the organizational performance by HRM. It has also been defined as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals (Wright and McMahan, 1999). The latter definition highlights the two important dimensions that distinguish SHRM from traditional HRM. It links HR practices with the strategic management process of the firm vertically and horizontally, it emphasizes that HR practices are integrated and support each other.

### 2.2 Function of an effective Human Resources Management.

According to Dirk Huds (2010), an effective human resource management involve maintaining and improving all aspects of a company's practices that affect its employee from the day of his recruitment to the day that he leaves the company;

- a. Hiring:- Human Resource manager must devise the most efficient and cost-effective means of advertising and recruit for vacant positions in the company. Human resource management team must devise and implement the selection procedures undertaken to choose the most suitable candidates.
- b. Firing:- The Human resource manager must ensure consistency of procedure regarding dismissed. Not only must he abide by government regulation regarding the right to appeal and to compensation, he must also follow correct procedure to protect the company prosecution for unfair dismissed.

c. Review:- The Human Resource management team will devise and oversee a comprehensive review program applicable to all members of staff. This process will provide a platform both for management to assess the performance of the employee and for the employee to raise questions and concern that she may have. The review process may result in extra training, a salary or bonus review or occasionally, a disciplinary procedure.

d. Welfare:- The HR manager is responsible for ensuring their general well-being during their time with the company. They must keep staff members up to date on current health and safety procedures, as well as ensure that payroll and benefit payment are processed and policies concerning them are kept current.

e. Legal:- It is the responsibility of HR department to remain aware of any change in employment law and adjust the policies of the company accordingly. Operating in conjunction with the company's legal team, the HR management staff must ensure legal compliance with legislation concerning maternity pay and leave, equal opportunities, discriminating practices and right to appeal dismissal. A thorough working knowledge of employment law is essential running out of a human resource department.

### 2.3 Empirical studies

Okoye and Ezejirofor (2013) examined the appraisal human resources development in organizational productivity and profitability. Survey research design was adopted and data collected were analyzed by use of means, variance and standard deviation and the three hypothesis formulated were tested using z-test statistical tool. Based on the analysis, the study found that human resource development is very vital to any organizations ranging from small to large scale enterprise since it is well known that no business can exist entirely without human being also that one of the major functions of human resource development is the engagement of people to work in order to achieve sales growth and profitability another finding is that the method of training and development as gathered from interview conducted by the researcher are just by reason of the problems the company has due to lack of fund.

Abdullah, Ahsan, and Alam, (2009) have studied the effect of training and development, Team Work, Compensation, HR planning, Performance appraisal and employees security on business performance. Regression results showed that four variables training and development, team work, HR planning and performance appraisal have positive and significant influence on business performance of Malaysian's private businesses. On the other hand two variables compensation and employee security would not likely influence the overall business performance of private businesses of Malaysia, the study revealed.

Kahn (2010) has measured five human resource management practices that affect the performance of oil and gas industry in Nigeria. He measured recruitment and selection, training and development, performance appraisal, compensation and reward, employee relations to see their impact on performance optimization. Factor and regression analysis indicated a positive and statistically significant association of these practices with performance optimizations.

Lopez, Peon and Ordas (2005), deal with the relationship between high performance human resource practices, organizational learning and business performance of Spanish universities. They argued that high performance human resource practices have a positive effect on organizational learning, which in turn has a positive influence on business performance. The result showed that the human resource practice has no direct effect on business performance, but indirect relationship.

Khalid and Rehman (2010) investigated the impact of human resource management practices on performance optimizations of two telecommunication companies. Human resource management practices such as training, employee participation, job definition, compensation and selections are positively associated with the overall performance optimization.

Qureshi, Akbar, Khan and Hijazi (2010) have selected human resource management practices such as selection, training, performance appraisal system, compensation, employee participation to see their impact on financial performance of banks in Nigeria. Variables were tested through step wise regression analysis, Pearson correlation and descriptive statistics and concluded that all variables have a positive relationship and impact on financial performance of banks.

Ferris, Russ, Albanese and Martocchio (1990) made one of the first major attempts to examine how effective management of human resources might contribute to positive organizational performance. In their study of 2,236 firms from the U.S. construction industry, the Ferris group addressed the roles played by three important organizational functions and activities on firm performance: the status and importance of the HRM function, the role of unions and strategic planning. They found that firms that had HRM departments were generally high performers (i.e., larger total sales volume), firms that had a higher percentage of their workforce unionized also performed better than firms with a lower percentage and, finally, firms performed better when they engaged in more formalized strategic planning.

Singapore, David Chin and Victor (2002) examined the relationship between strategic HRM and organizational financial and human resource performance in Singapore. Using descriptive statistics and regression to analyze the data, the results indicate that with the exception of team-based work and performance-based pay, all the other strategic HRM components have a positive impact on the financial performance of a firm. Results also show that all the strategic HRM variables have a positive impact on HR performance.

Singh (2004) investigated the relationship between six HRM practices and firm level performance in India. 359 firms were drawn from firms listed in the Centre for Monitoring Indian Economy (CMIE) database, of these 359 firms, 82 responded positively to the survey. Using regression and correlation analysis, the study found a significant relationship between the two HR practices, namely, training and compensation, and perceived organizational and market performance of firms.

Green, Wu, Whitten and Medlin (2006) reported that organizations that vertically aligned and horizontally integrated HR function and practices performed better and produced more committed and satisfied HR function employees who exhibited improved individual and organizational performance. Tessemer and Soeters (2006) examined how, when and to what extent HR practices affect performance in Eritrea, Africa's youngest and poorest country. They reported that successful implementation of HR practices could enhance individual and civil service organization of Eritrea, but the economic and political environment within which HR practices operate are not conducive. Their study tried to shed some light on the HRM-performance debate within the context of a developing country.

Using a stratified random sampling by industry, Kai, Brian and Cherrie (2007) surveyed 231 firms listed on the Australian Stock Exchange (ASE). Using descriptive statistics and correlation analysis, results indicate that strategic integration and devolvment of HRM were practiced to a moderate extent in the firms sampled, and that the degree of alignment of HRM with business objectives and strategies had a positive relationship with perceived firm financial performance.

Som (2008) sampled 69 Indian companies with a view to examining the impact of innovative SHRM practices on firm performance. Using descriptive statistics and regression analysis, results indicate innovative recruitment and compensation practices have a positive significant relationship with firm performance. Their results also show that recruitment, role of the HR department and compensation practices seem to be significantly changing within the Indian firms in the context of Indian economic liberalization. The synergy between innovative HRM practices was not found to be significant in enhancing performance during the liberalization process.

Dimba and K'Obonyo (2009) investigated the nature of the effect of SHRM practices on organizational performance. The study sought to determine whether the effect of human resource management practices on organizational performance is direct or indirect through employee motivation, and whether employee cultural orientations moderate the relationship between strategic human resource practices and employee motivation. 50 multinational manufacturing companies in Kenya were sampled.

Frye (2004) has examined the effect of employee equity-based compensation on form performance. The study shows that as the organizations are becoming more human capital intensive, compensation packages are becoming more important. Organizations that use equity based compensation plans are better able to capitalize on valuable growth options. On the other hand employees prefer nonretirement forms of equity based compensations like stock option, restricted stocks and stock purchase options.

Okpara and Pamela (2008) examined the extent to which organizations in Nigeria use various HRM practice and the perceived challenges and prospects of these practices. Data were collected from 253 managers in 12 selected companies in 10 cities. Their findings reveal that HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems are still in place and that issue of tribalism, AIDS, training and development and corruption are some of the challenges facing HRM in Nigeria. These empirical studies might have investigated on the human resource management and business performance in a difference dimension. This study however seeks to improve on the existing study by Qureshi, Akbar, Khan and Hijazi (2010) to determine the extent at which human resource management affect the performance of business organization in the areas of compensation, welfare, awards, motivations etc in order to bring out the best from employees in the organizations.

### 3.0 Methodology

Survey research design was adopted for this study. Questionnaires were carefully prepared to ensure that information obtained is relevant to the aims of the study. However, the population of this study involves the staffs of Coca Cola bottling company in both accounting, human resources department, selling and distribution sections of the company as well as the director. The total population is forty-four (44).

#### 3.1 Data Analysis

A total of forty-four (44) questionnaires were distributed, out of which thirty eight (38) were completed and returned and the questionnaires were analyzed with five point likert's scale and hypotheses formulated for the study were tested with the simple regression analysis for significant effect with aids of Statistical Package for Social Sciences (SPSS) version 20.0 software package.

#### Decision rule:

If F-value is equal or greater than "Sig" value there is significant interaction effect or significant difference i.e. F-value value  $\geq$  sig value we reject Null and accept alternate hypothesis.

#### Data analysis

S/N	Questionnaires	SA	A	U	D	SD
1	Compensation is the bedrock through which the employee's success depends.	16	14	2	6	0
2	Different social welfares compensation strategies lead to different employee's zeal and dedication to increase their performance.	11	20	0	7	0
3	Best staff awards will be a motivator to other employees toward the performance of company.	9	20	1	6	2
4	.Provision of periodic training of staff is a means of bringing out the best skills form the employees.	10	25	0	3	0
5	Decrease in organizational performance is as a result of Career Planning System of human resource development by the company.	11	16	1	7	3
6	Organizational Productivity can only achieve through the collective effort between the management and the employees.	10	18	1	7	2
7	Proper training and development of employees result in high rate of performance which in return leads to organizational growth.	17	21	0	0	0
8	The success of any organization related to the level at which Human Resource is being managed.	9	20	0	7	2
9	An effective employee's benefit helps MNCs management to formulate and implement policies for the survival of the company.	13	17	1	4	3
10	Increase in social welfare of the workers helps in motivating the workers' productivity.	12	11	3	6	4

Source: Field Survey, 2015

#### Test of hypotheses

##### Hypothesis one (Null)

$H_0$ : There is no significant effect between compensation strategies and employees performance.

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2054.307	1	2054.307	24.408	.016 <sup>b</sup>
Residual	252.493	3	84.164		
Total	2306.800	4			

a. Dependent Variable: performance

b. Predictors: (Constant), Compensation

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.767	6.292		-.122	.911
Compensation	1.530	.310	.944	4.940	.016

a. Dependent Variable: performance

Since the F-Value is greater than the Sig-value, 24.408>.016 at 5% level of significance, we reject the null hypothesis and accept alternative hypothesis which uphold that there is a significant effect between compensation strategies and employees performance.

### Hypothesis Two (null)

*H<sub>0</sub>: Employee's welfares have no effect on the productivities of a business organization.*

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	435.913	1	435.913	87.842	.003 <sup>b</sup>
Residual	14.887	3	4.962		
Total	450.800	4			

a. Dependent Variable: productivity

b. Predictors: (Constant), employees

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.149	1.433		3.594	.037
employees	.423	.045	.983	9.372	.003

a. Dependent Variable: productivity

Since the F-Value is greater than the Sig-value, 87.842>.003 at 5% level of significance, we reject the null hypothesis and accept alternative hypothesis which uphold that employee's welfares have effect on the productivities of business organizations.

## 4.1 Conclusion

This paper is on the appraisal of Human Resources Management in a performance of Nigerian business organizations. The study aimed to assess the extent at which human resource management affect the performance of business organization. With the aids of the analysis for the study, the study found that Human Resource Management has a significant effect on the performance of business organization. This has to do with training and development, good planning system and proper management as a motivator. This was in line with Qureshi, Akbar, Khan and Hijazi (2010); Litwin and Stringer (1968); Stringer, (2002) which stated that to achieve employee commitment, that the working condition has to be supportive to lead to and sustain staff motivation and high performance. There is no doubt to prove that HRM practices are a catalyst to performance appraisal.

### 4.1 Recommendation

The study therefore recommends that human resource management should be a management priority to imbibe the organization efficiency and effectiveness in order to achieve optimum human resource management and improve organizational productivity and performance.

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