



STUDY PACK

ON

INTRODUCTION TO

HUMAN RESOURCE MANAGEMENT

FOUNDATION

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

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**CHARTERED INSTITUTE OF PERSONNEL
MANAGEMENT OF NIGERIA**

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FOREWORD

This fourth edition of the CIPM study pack is one of the learning resources recommended to persons preparing for certification through professional examinations. It is uniquely prepared to meet the knowledge standards of HR certification bodies and/or degree-awarding institutions. The study pack is highly recommended to researchers, people managers and organisations responsible for human capital development in its entirety.

Each chapter in the text has been logically arranged to sufficiently cover all the various sections of this subject as itemised in the CIPM examination syllabus. This is to enhance systematic learning and understanding of the users. The document, a product of in-depth study and research, is practical and original. We have ensured that topics and sub-topics are based on the syllabus and contemporary HR best practices.

Although concerted effort has been made to ensure that the text is up to date in matters relating to theories and practices of contemporary issues in HR, nevertheless, we advise and encourage students to complement the study text with other study materials recommended in the syllabus. This is to ensure total coverage of the elastic scope and dynamics of the HR profession.

Thank you and do have a productive preparation as you navigate through the process of becoming a seasoned Human Resources Management professional.

Olusegun Mojeed, FCIPM, fnli
President & Chairman of the Governing Council

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Oluwatoyin Naiwo, FCIPM
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CHAPTER ONE

DEFINITIONS, SCOPE AND HISTORY OF HUMAN RESOURCE MANAGEMENT

1.1 Learning Objectives:

At the end of this chapter, students should be able to;

- i. Define and describe the nature of Human Resource Management.
- ii. State and explain the scope of Human Resource Management.
- iii. Relate the evolution of Human Resource Management.
- iv. Explain the philosophies and objectives of Human Resource Management.
- v. Describe the characteristics of Human Resource Management.
- vi. Outline the functions of Human Resource Management.
- vii. Differentiate between Human Resource Management and Personnel Management.

1.2 Introduction

Organisations are rationally conceived entities established to achieve specific goals and objectives. The creation of organisations is to achieve certain goals, which include the production of goods and services to be consumed and utilised in society. They are expected to exist in perpetuity, as they exist in a competitive business environment.

Organisations have both primary and secondary objectives, with the primary objective being to make a profit, which represents the reward for the owner(s) of the business, while the secondary objectives are productivity, growth, shareholders' satisfaction, and employees' satisfaction, among others. These objectives indicate the purpose and aim of the business and the very existence of organisations; they provide direction for the operations of the business; set standards for control of the business activities; help to coordinate decision-making by managers and provide the measurement of business performance within units and corporate levels, to mention but a few.

Organisations are also systems, made up of many parts (human resources, finance and account, sales, marketing, corporate affairs, maintenance, packaging, etc.) depending on the nature of the

business, as well as the size of the organisation. These parts, units, or divisions must work interdependently.

For organisations to produce goods and services (operate), they need resources. Key among these resources is the human capital or people, which are expected to manage other resources like finance, technology, material resources, time, natural resources and any other resource for the production of goods and services. Organisations operate in a competitive business environment, with human resources expected to be managed efficiently and effectively to create a competitive edge for an organisation.

1.3 Definitions, Concepts, Scope, Philosophies and Objectives of Human Resource Management

For more than two centuries now, human resource management as a discipline and practice in the management of people, has evolved and developed. In particular, it is the impact of the Industrial Revolution at different stages, as they had a serious impact on the management of people in organisations and society in general (Itika, 2011).

The dynamics of the organisational environment occasioned by changes in society have compelled managers to continually search for knowledge on how to manage people in organisations.

1.3.1 Definitions and Concepts of Human Resource Management

Human resource management is a strategic, integrated and coherent approach to the employment, utilisation, development and well-being of people engaged by organisations to produce goods and services (Armstrong, 2009). It involves all management decisions and actions that impact the nature of the relationship between organisations and their employees, to ensure the continuity of the work systems (Beer, Spector, Lawrence, Quinn and Walton, 1984).

Human resource management is defined as the “process through which an optimal feat is achieved among the employees, job, organisation and environment, so that employees reach their desired level of satisfaction and performance, and the organisation meets its goals (Hall and Goodate, 1986). It comprises a set of policies designed to maximise organisational integration, employee commitment, flexibility and quality of work.

Human resource management is the process of managing people in an organisation in a structured manner. This management strategy includes staffing (hiring people), retention of people, pay and perks setting and management, performance evaluation, change management and taking care of exits from the company.

Human resource management refers to activities, policies, practices and general functions that relate to employees or the human resource department. It focuses on the management of people at work and their relationships within an enterprise. Its major aim is to bring together and develop into an effective organisation, the men and women who make up an enterprise and have regard for the well-being of the individuals and working groups, to enable them to make their best contributions to the continuity and success of organisations.

Human resource management is the strategic and coherent approach to the effective and efficient management of people in an organisation to help the business enterprise gain a competitive advantage and ensure employees have robust work experiences as they are engaged in organisations. It is deliberately designed to maximise employee performance in service of an employer's strategic objectives. It is defined as a "strategic and coherent approach to the management of an organisation's most valued asset, the people who individually and collectively contribute to the achievement of organisational objectives (Armstrong, 2009).

1.3.2 Scope of Human Resource Management

The practice of human resource management is concerned with all aspects of how people are employed and developed effectively and efficiently in organisations, in order to achieve the goals and objectives for which organisations are established. The field covers activities like strategic human resource management, given that human resource functions are strategic business partners in organisations, as it takes a central position in all activities in the work enterprise, particularly towards the achievement of goals and objectives of organisations. Key areas covered are corporate social responsibility, knowledge management, organisational development, employee resourcing (human resource planning, recruitment, selection and talent management), performance management, learning and development, reward management, employee relations, safety and health, as well as employee well-being, among others.

In summary, human resource management is the process of employing people, training them, compensating them, developing policies relating to people at work and developing strategies to retain people in an organisation. It focuses on investing in employees, ensuring their safety and managing all aspects of staffing from hiring to compensation and development of skills and knowledge to contribute meaningfully to the realisation of organisational goals.

1.3.3 Human Resource Management Philosophies

Philosophy is the study of the fundamental nature of knowledge, reality and existence. It focuses on the theory or attitude that acts as a guiding principle for behaviour. It is an activity people undertake when they seek to understand fundamental truths about themselves, the world in which they live and their relationships to the world and each other.

The Harvard and British human resource management schools developed six elements on which human resource management philosophy and practices are based. This in essence is for us to gain a better understanding and knowledge of the field of study of human resource management and the key roles human capital plays in the actualisation of organisational goals and objectives (Itika, 2011)

The first is ownership, which suggests that human resource management is and has to be owned and driven by the top management in the interest of key stakeholders, the managing board, the workers, clients and customers. It is stressed that under human resource management, the top management owns and drives the agenda for effective people management in the organisation.

The second philosophy is that business and organisational strategies form the basis for human resource strategies and there should be a strategic fit. This opposes emphasizing routine activities, reactive decisions-making and limited vision, which seem to characterise traditional

Personnel management. The implication is that an organisation cannot have a strategic approach to managing the workforce, without organisational and business strategy. Here, an aspect of flexible human resource planning comes in and the ability to use the best forecasting techniques is a pre-condition for human resource acquisition, utilisation, development and retention.

The third philosophy considers employees as assets in organisations, rather than liabilities. Before the transformation to human resource management, specifically during the era of personnel

management, training and development of employees were seen as a cost that should rather be limited or avoided. At present, investment in people, just like any other capital investment is important, as human capital is considered as value-added capital, extremely necessary for better returns in the future for all organisations.

The fourth philosophy dwells on the need to get additional value from employees, as they are capable of producing added value to the fortune of organisations. It is therefore important for management to tap these values through human resource development and performance management systems. It is important to state that the concepts of added value were borrowed from production economics. It stipulates that an employee can be utilised to produce marginal output, if properly trained, does the right job and is rewarded accordingly. The work measurement and matching jobs with the right people, as well as measuring performance, particularly against set targets and standards are important focuses under human resource management.

The fifth philosophy considers the important role employee commitment plays in organisational survival and perpetuity. Organisational success surely comes from employees' total commitment to the vision, mission, core values, goals and objectives. In other words, without the people and their commitment to work, organisations will achieve nothing.

Employee commitment is therefore measured by their passion for their jobs, enthusiasm about their jobs and how much of their time, mind, emotions and dedication they put into their jobs, as they understand that their future and success in the organisation depends on their contributions to the success and future of the organisation.

Finally, the sixth philosophy relates to organisational culture, which is the way of life of the people. This suggests that building a strong organisational culture stimulates employee commitment and, hence organisational success. This culture is driven by effective communication, training, coaching, mentoring, business processes and team building, as well as performance management processes, among others.

1.3.4 The Objectives of Human Resource Management

The overall purpose of human resource management is to ensure that productive systems achieve success, through the people that are engaged in the production of goods and services. The specific

objectives of human resource management are to increase organisational effectiveness and efficiency, focus on the capacity of the workforce to achieve organisational goals and objectives and ensure that human capital has exciting careers in organisations.

Dyer and Holder (1998) analysed human resource management goals under four important headings namely; contributions of people, in terms of employee behaviour; composition, which focuses on headcount staffing ratio and skill mix required; competence, which is the general level of ability desired and commitment, which is the level of employee attainment and identification required.

1.3.5 Characteristics of Human Resource Management

Human resource management was regarded by Storey (1989) as “a set of interrelated policies with ideological and philosophical underpinning”. Storey developed four characteristics of human resource management. These are:

- (i) It is a particular pattern of beliefs and assumptions.
- (ii) It is a strategic thrust informing decisions about people management.
- (iii) It is the central involvement of line managers.
- (iv) It relies upon a set of ‘levers’ to shape the employment relationship.

He stressed that human resource management is diverse, strategic and commitment-oriented. It adopts a military rather than pluralist viewpoint and it is founded on the belief that people should be treated as assets and it is a management-driven activity.

1.3.6 Functions of the Human Resource Management Department

The human resource management department is a strategic business partner of the entire organisation and performs numerous functions. Key among these functions is as provided by Gerber, New and Van Dyk (1998), identified by Cole (2011) and reported by Oladele (2015). Carrying out wage and salary surveys to ensure that organisation wages and salary structures are in line with what is obtainable in the industry.

- (1) Development of incentive schemes to motivate employees for greater productivity and efficiency.

- (2) Management, training, development and succession planning for increased employee performance and organisational success.
- (3) Managing industrial relations for the sustenance of industrial harmony is most desired in organisations.
- (4) Managing personnel details and statistics of employees (perfect entries of employees' information).
- (5) Developing accurate job analysis, for recruitment, selection and placement.
- (6) Implementing health and safety regulations.
- (7) Managing both internal and external business environments through people is a key asset in organisations.

Table 1: Comparison between Personnel Management and Human Resource Management

Personnel Management	Human Resource Management
Reactive, servicing role.	Proactive, innovative role.
Emphasis on implementation of procedures	Emphasis on strategy.
Specialist department.	General management activity.
Focus on employees' needs in their own right.	Focus on employees' requirements in light of business needs.
Employees are seen as costs to be controlled.	Employees are seen as investments to be nurtured, as well as costs to be controlled.
Less flexible approach to staff deployment.	Completely flexible approach to staff deployment.
Supporting change.	Stimulating change.
Challenging business goals in light of effects on employees.	Total commitment to business goals.
Emphasis on settling pay more in terms of the organisation's internal market.	Emphasis on competitive pay and conditions to stay ahead of competitors.
Preference for collective bargaining of pay and conditions.	Management-led planning of people resources and employment.

Source: Cole, 2012.

1.3.7 Contemporary Turbulence in People Management

Fajana (2002) listed the following contemporary challenges in managing people in organisations and by extension, society. It is important to say that organisations are reflections of society. These challenges are:

- (1) Rapid turnover of certain categories of labour.
- (2) Unstable prices of food, shelter and other basic needs.
- (3) Agitation by workers' representatives for improved terms and conditions of work.
- (4) Unaffordability of inputs at the very high costs of foreign exchange.
- (5) Very high rates of interest heighten the cost of borrowing and production.
- (6) High rate of unemployment of skilled labour.
- (7) Challenging demographic profile of the workforce.
- (8) They demand employees for more meaningful and enriched employment, compensation and quality of work.
- (9) Constraining wage policies.
- (10) More recently in Nigeria, the removal of fuel subsidies has had effects on virtually all aspects of employees' lives.

1.4 History of Human Resource Management

The term 'human resource'(HR) has virtually replaced the term 'personnel management' as a description of the processes involved in managing people in organisations, although what is now described as Human Resource Management is in practice often synonymous with what used to be described as personnel management.

Armstrong (2009) suggested that human resource management is regarded by some personnel managers as just a set of initial or old wine in new bottles. It could indeed be no more and no less than another name for personnel management. It has the virtue of treating people as key resources, the management of which is the direct concern of top management as part of the strategic planning processes of the organisation.

Human resource management as a practice takes place in all areas of endeavour, where there are two people and above. For instance, in the basic unit of society, the family, the father is the head

of the family, with other members, like the mother, children and other individuals living in the household. Every member of the family takes different roles and responsibilities for the achievement of family goals and objectives. In this case, the head of the household would harness all available resources, including people to find the best in them, to achieve whatever may be needed or desired. The division of labour in the household depends on the philosophies, values and expectations of family members, with these rooted in the wider society.

Managing people in workplaces is well documented throughout the history of mankind. It is observed that organisational structures are developed, leadership emerged, roles and responsibilities were assigned to people, and accountability systems were laid down, with rewards and punishments provided to manage the complexities involved in people management. In workplace, division of labour, specialisation and accountability were systematically organised to achieve specific goals and objectives, for which organisations are established.

The history of human resource management can be traced to the booming European economy of the 1900s (Roethlisberger and Dickson, 1937). The economy at that time, particularly influenced by the early Industrial Revolution at the period, created the necessary environment for more serious tasks and thoughts on the role of effective people management. In the early 1900s, European economies were also preparing for the First World War and the consequent need for a skilled, well-organised and disciplined workforce. For our convenience, the history of Human Resource Management shall be classified into four main periods. These periods were identified by looking at the changing titles of officers responsible for managing the workforce and different roles that emerged over different times. Past literature on personnel management attached dates or decades, which were for convenience and reference purposes rather than being actual historical events (Itika 2011).

1.4.1 Welfare Stage in the Industrial Age

The early 1900s witnessed increased technological and economic breakthroughs, occasioned by the industrial revolution. These breakthroughs occurred as a result of continuous advancement in general and scientific knowledge through creativity and innovation. This advancement impacted positively on growth and demand for goods and services in Europe and Germany in particular for the preparation for World War I, more goods were demanded and the massive production of goods,

which was done more efficiently than before, now under an industrial roof, necessitated the monitoring of workforce welfare to produce to specifications, in terms of quality and quantity. This situation cut across Western Europe, particularly in Britain, France, Spain and Italy. During this period, the Germans were secretly preparing for war, where the production of war materials created a chain of industrial networks.

The major challenge during this period was the need to manage the increasing workforce, particularly in the emerging complex industrial production systems. The search for a solution produced a strategy on how best to organise employees and ensure that their welfare was provided for and remained paramount, for them to produce at maximum capacity. At this stage, welfare services like the canteen and other essential needs required to enhance employees' welfare were created.

This immediately required a specific officer whose main responsibility was to take care of workers. This was the beginning of employees' welfare services in organisations and invariably the famous title of Welfare Officer, which exists in some organisations till today (Chruden and Sherman, 1984; Eilbert, 1954; Itika, 2011).

1.4.2 Change of Focus from Welfare to Personnel Administration

The 1920s and mid-1930s were generally regarded as the periods of personnel administration. These periods witnessed the growing size of organisations, their complexities and pressure to improve organisational productivity. These periods called for the need to recruit, select, train, keep records, appraise, motivate, coordinate, and control entry-level employees and existing employees. Job orientation became extremely necessary for organisational survival.

There were huge administrative tasks that were handled by welfare officers, along with employees' welfare matters. With enormous tasks assigned to welfare officers and changes in the nature and scopes of their work, demanding more knowledge, skills and behavioural attributes, it became apparent that the title of welfare officer was no longer suitable for the tasks involved. This invariably led to the change in title from welfare officer to personnel administration (Cuming 1985; Itika, 2011).

1.4.3 Evolution and Development of Personnel Management

This period took place during and after World War II, that is between the 1940s and 1950s. There was an expanded role of personnel administration to cope with the rising challenges and demands of the job, which included craft, supervising, training and labour disputes. All these threatened employees and organisational efficiency. During these periods, professional managers, practitioners, academia and consultants were particularly interested in employee management and devoted their time to studies in behavioural factors, as they impacted job performance. Studies conducted then included those by the Human Relations School pioneered by Elton Mayo and Kurt Lewin, who emphasised improving the work environment and work groups, as a strategy to improve productivity. Emphasis was on treating employees as human beings, rather than working tools.

This period marked a shift of emphasis from managing an individual employee to managing groups/teams in the organisation. Other contributors were Abraham Maslow, Frederick Herzberg, and Chris Argyris to mention a few. The scholars, consultants and professional managers sought what motivated employees, gave them satisfaction at work and impacted on quality of work and organisational performance (Itika, 2011).

This period led to the emergence of personnel management, with a wider scope and nature, covering the following functions; establishment of a defined organisational structure; human resourcing; managing performance; appraisal; personnel training and development; compensation and rewards management; and personnel relations, among others. The period witnessed the emergence of personnel officers and personnel managers.

1.4.4 Human Resource Management Era

As societies continued to evolve, Europe having survived the two major World Wars witnessed remarkable growth between the 1940s and 1950s. However, the stability of the economic, political, technological and academic environment was challenged in the 1960s, which had serious ripple effects in the late 1970s and 1980s. The challenges during these periods had a great impact on people management in organisations, more than any other time in human history.

For instance, it was during these periods that the industrial society witnessed a shift in the global macropolicy framework, the era of new liberalism, in which market forces were drivers of institutional frameworks of nation-states and organisations. This was a period that witnessed strong arguments against direct state involvement in the economy. Experts from international monetary institutions like the World Bank, and International Monetary Fund, late British Prime Minister Margaret Thatcher and her counterpart in the United States of America, Ronald Regan all advocated for less or no involvement of government in nations' economic activities and control, as well as reduction in the protection of employees.

Aside from the above, there was an increase in business competition in the 1980s and 1990s. There was a turbulent business environment, and uncertain and chaotic global business environment, which invariably impacted negatively on employees in organisations and management of the work systems. Technological changes, changes in customer needs and expectations, change of philosophy of employee relations (power of employees, legislated through trade unions and increasing membership), development in the academia (growing knowledge of the academia, through previous decades and research, which confirmed the growth of organisations, their complexities and the need to focus on employees' behaviours and attitudes toward organisational survival). This brought about a more critical dimension to managing people, as business partners in organisations and the key roles they play in organisational survival.

With all the complexities involved in managing people at work, it became apparent that personnel management functions must make an impact on functional levels in organisations and support other departments, as well as being part of business strategy. Personnel managers had to become business partners, as well as part of improving employees' utilisation, with the development of a more rigorous method of assessing the performance of employees, in relation to rewards systems based on performance, was a clear indication of changes in personnel management practices. Within these changes, personnel management was redefined, and the concept of Human Resource Management was adopted.

1.5 Conclusion

Human resource management is the term increasingly used to refer to the philosophy, practice, policies and procedures relating to the management of people in an organisation. It is the

qualitative improvement of human beings who are adjudged the most valuable resource or asset an organisation possesses.

Human resource management is expected to occupy an enviable position in any organisation, as it is a strategic business partner in an organisation.

1.6 Practice Questions

- (1) Explain the differences between human resource management and personnel management.
- (2) What are the basic functions of human resource management?
- (3) Discuss the various challenges confronting the development of human resource management in Nigeria.
- (4) How have the complexities in organisations increased the involvement of human resource management in the workplace?
- (5) Why do we say human resources is a key resource in an organisation?
- (6) What are the characteristics of human resource management?

Multiple Choice Questions

- (1) Organisations are rationally conceived entities established to solve
 - (a) Scientific needs of society
 - (b) Basic economic needs of society
 - (c) All needs of society
 - (d) None of the above
- (2) Human resource management focuses on the following except one
 - (a) Utilisation of natural resources.
 - (b) Efficient and effective utilisation of human capital to achieve organisational goals and objectives
 - (c) Utilisation of raw materials in organisations.
 - (d) All of the above.
- (3) The following are characteristics of human resource management except for one
 - (a) It is a particular pattern of beliefs and assumptions.
 - (b) It is a strategic thrust informing decisions about people management.
 - (c) It is the field of study responsible for workers' poor remuneration.

- (d) It relies upon a set of 'levers' to shape the employment relationship.
- (4) Employees in an organisation work for the common good of the work system
- (a) True
 - (b) False
 - (c) Never
 - (d) Undecided
- (5) The scope of human resource management includes the following except
- (a) Work design at the feasibility study stage
 - (b) Pre-retirement training
 - (c) Grievance and staff discipline
 - (d) None of the above
- (6) The following are qualities of a human resource manager except
- (a) Generosity
 - (b) Welfare orientation
 - (c) Profit consciousness
 - (d) Fairness and equity
- (7) The following resources are available to organisations except
- (a) Human resource
 - (b) Material resources
 - (c) Financial resources
 - (d) Diamond
- (8) Without human resources, organisations cannot
- (a) Achieve goals and objectives
 - (b) Produce goods and services
 - (c) Make profit
 - (d) All of the above
- (9) The following are the challenges faced by human resource managers except
- (a) Rapid turnover of certain categories of labour.
 - (b) Unstable prices of food, shelter and other basic needs.
 - (c) Agitation by workers' representatives for improved terms and conditions of work.
 - (d) Agitation for workers to acquire substantial shares in organisations

- (10) Personnel management is distinct from human resource management because it is
- (a) Reactive
 - (b) Proactive
 - (c) Sluggish
 - (d) All of the above

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CHAPTER TWO

ESSENTIALS OF HUMAN RESOURCE VALUE CHAIN

2.1 Learning Objectives:

At the end of this chapter, students should be able to;

- i. Define and discuss the concepts of workforce planning.
- ii. Explain career management.
- iii. Define human resource development.
- iv. Discuss performance management.
- v. Evaluate the importance of the safety and health of employees.
- vi. Define the concept of job analysis.

2.2 Introduction

In economics, factors of production, resources or inputs are used in the production process to produce outputs, which are goods and services. The utilised amount of the various inputs determines the quantity of outputs, according to the relationship called the production function.

The four factors of production are labour, land, capital and entrepreneur. They all create the required goods and services needed in society. These factors are unique in themselves, but often also work together in the production of what gets dispensed into society.

In considering these factors of production, labour or human resources stands out as the most unpredictable, yet the key factor or resource, needed by organisations to fulfil the production function. It is this resource or factor that will transform, manage, or utilise other resources like capital, raw materials, time, natural resources, and technology, to produce goods and services. It is only labour or human resources that react when acted upon, while all other resources derive their dynamism from it.

2.3 Concepts of Human Resource Value Chain

The human resource value chain is a process that depicts how outcomes associated with human resource activities and practices lead to organisational goals. It shows how the activities involved

in human resource functions contribute to the achievement of organisational goals and objectives. This clearly shows or demonstrates how the benefits from human resource processes contribute towards the realisation of organisational goals. This model helps the human resource teams convince management about their contributions to the overall growth of the company.

The human resource value chain demonstrates that the human resource department has a number of processes and actions that result in human resource deliveries, all contributing to the continuity of an organisation. For instance, hiring more qualified people and training them is expected to increase employee performance and invariably organisational performance. It is the human resource team that will identify the staff and the training required, which will connect to business performance, leading to organisational growth and profitability.

The human resource value chain results in better employee retention, cost reduction, positive relationship between human resource practices, outcomes and organisational goals, leading to better recognition of human resource functions.

2.3.1 Conceptual Definition of Job Analysis

A job is a collection of tasks to be performed by an individual in an organisation. It is the smallest unit of any organisation. It derives from the organisation's vision within an actionable mission statement broken into various divisions from execution and narrowed down to specific areas of focus or departments.

Job analysis is the process of gathering and analysing information about the contents and human requirements of jobs, as well as the context in which jobs are performed. This process is used to determine the placement of jobs. Job design on the other hand can be defined as the complete specification of the content, method and relationship of job details, to meet the technological and organisational needs of the job holders. It involves the process of describing and recording several aspects of a job, including the purposes, tasks, duties, characteristics, behaviours and skills required to perform a particular task by a job holder, in a particular organisation. It is the process of obtaining certain information with regards to a job and it is a primary tool in human resource management. It is also a process of gathering and analysing information about the content and human requirements of jobs, as well as the context in which jobs are performed.

2.3.2 Workforce Planning

Workforce can be defined as the totality of energies, skills and knowledge available in an organisation, institution or country. Planning on the other hand refers to the process of establishing goals and a suitable course of action for the achievement of these goals. Planning is concerned with setting objectives, and targets and formulating plans to accomplish them. It is the process of thinking, regarding the activities required to achieve a desired goal.

Workforce planning can simply be defined as the systematic and continuous assessment process by which the management of an organisation can move its current manpower position to its desired manpower position. Through workforce planning, management can determine how effective and efficient employees are engaged to produce goods and services and in particular to determine the right person, in the right place, at the right time, doing the right thing and achieving the right results.

2.3.3 Human Resource Development

Human resource development refers to the organisation's plan to help employees develop their abilities, skills and knowledge. Given that human resources is a key asset for all organisations, through human resource development, organisational efficiency and productivity are enhanced.

Human resource development refers to various training programmes developed by organisations that help employees adjust well and deliver on their current and new roles. Employees are invariably granted access to resources that will help them succeed, through the required skills, knowledge and capabilities they have acquired.

Human resource development comes in different forms. This includes on-the-job training, off-the-job training, online education, simulation, and case studies, among others. It includes opportunities available to employees in terms of training, career development, performance management, mentoring, coaching, succession planning and tuition assistance.

2.3.4 Performance Management

Human resource is key to organisational survival; hence its performance is expected to be monitored and controlled. Performance management is the process of communication between a

supervisor and an employee that occurs throughout the year, in support of the achievement of organisational goals and objectives. It is the process of clarifying job responsibilities, priorities, performance expectations and development plans that are expected to enhance employees' performance and align with the organisation's strategic goals. It evaluates individual employee performance (skills and productivity).

Performance management is therefore a corporate management tool that helps managers monitor and evaluate employees' work. The goal is to create an environment where people can perform to the best of their abilities and produce the highest quality of work most efficiently and effectively. It focuses on accountability, and transparency and fosters a clear understanding of expectations.

2.3.5 Compensation Management

Compensation management is the process of rewarding an employee or individual for carrying out a specific task. It is expected to stimulate actions toward higher productivity. On engagement to perform a task(s), every employee will be interested to know what his or her contributions to accomplishing the task(s) will translate to at the end of a specific period, most times at the end of the month. Employees in this case trade their labour for both financial and non-financial rewards.

Direct financial rewards include wages, salaries, bonuses, incentives etc. paid to the employees. Indirect financial rewards include accommodation in the company's quarters, and provision of airtime, among others. However, non-financial rewards will include an official car, insurance package, vacation abroad and free medical care for a specific number of members of the employee's family, among others.

2.3.6 Career Management

Career management is a life-long process of investing resources into an employee to accomplish specific career goals. It is a continuous process that allows both the organisation and employee to invest in the development of an employee's skills and knowledge so that the employee can adapt well to the changing demands of the business and their work, as well as create in the employee a competitive advantage.

Career management is an ongoing process of preparing, implementing and monitoring career plans of an employee. It is undertaken for succession planning and to create a flexible workforce. It helps

increase employee's productivity and allows them to accomplish tasks relating to career advancement. It equally motivates employees to improve their skills and knowledge at work, thereby increasing employee job satisfaction. It is an important aspect of employee engagement, which leads to increased productivity for the organisation.

2.3.7 Employee Safety and Health

Employee safety and health, also known as occupational safety and health is concerned with the safety, health and welfare of people at work. Workplace safety is a process that seeks to eliminate or reduce risks of injury or illness to employees at work, as they are the most valuable asset of the organisation. It refers to providing a safe work environment, by incorporating safe equipment and safe procedures in workplaces.

Employee health on the other hand encompasses the physical and mental statuses of employees. It covers illness and wellness. It promotes and maintains the highest degree of physical, mental and social well-being of employees at work and related areas.

Employees who work in safe environments are physically, mentally, socially and financially sound and are likely to contribute meaningfully to the realisation of the goals and objectives of their organisations.

2.4 Conclusion

Human resource is the only living asset of an organisation on which the productivity of every other resource depends. Human resource means the total knowledge, skills, creative abilities, talents, aptitudes, values, attitudes and approaches in personnel. Human resources is the most important resource in any organisation. Since people make decisions concerning the utilisation and combination of all other resources available to organisations, it remains an intangible asset in an organisation.

An effective human resource value chain will have many benefits to an organisation and its employees through improved quality of work and productivity, increase in profit, general efficiency and effectiveness of work.

2.5 Practice Questions

- (1) What is job analysis and how can it be used to determine job designs?
- (2) Employees' safety and health enhance organisational productivity. Discuss.
- (3) What are the benefits of the human resource value chain?
- (4) What is compensation management and how can it stimulate higher productivity in an organisation?
- (5) Career management is affected by employee aspiration. Discuss.
- (6) Differentiate between on-the- job training and off-the-job training.

Multiple Choice Questions

- (1) A job is a collection of tasks to be
 - (a) Performed by individuals in an organisation
 - (b) Performed by machines in an organisation
 - (c) Performed through financial resources in an organisation
 - (d) All of the above
- (2) The human resource value chain is a process
 - (a) That depicts how outcomes associated with human resource activities and practices lead to organisational goals.
 - (b) That depicts how managers command people to work without remuneration
 - (c) That depicts how machines produce goods and services
 - (d) None of the above
- (3) Human resource means the following except
 - (a) The total knowledge, skills and creative abilities
 - (b) Talents, aptitudes and values
 - (c) Attitude and approaches in personnel
 - (d) Ability to manage machines in an organisation
- (4) Employees who work in safe environments are
 - (a) Physically and mentally sound
 - (b) Socially and financially sound
 - (c) Culturally and Aggressively sound
 - (d) None of the above

- (5) Career management is a
- (a) Life-long process of investing resources into an employee to accomplish specific career goals
 - (b) Life-long process of forceful employment relationship
 - (c) Life-long process of working with miserable compensation
 - (d) Life-long process of continuous conflict with the owners of the means of production
- (6) Compensation management is the process of
- (a) Rewarding an employee or individual for carrying out a specific task.
 - (b) Rewarding the machines for carrying out a specific task
 - (c) Rewarding only managers for carrying a specific task
 - (d) All of the above
- (7) Compensation management is expected
- (a) To stimulate actions toward higher productivity
 - (b) To stimulate actions toward cultural disharmony
 - (c) To stimulate actions toward economic stratification
 - (d) To stimulate actions toward industrial disharmony
- (8) Performance management is the process of
- (a) Communication between a supervisor and an employee
 - (b) Communication between an employee and the machine
 - (c) Communication between a supervisor and financial resources
 - (d) All of the above.
- (9) Performance management is the process of
- (a) Clarifying job responsibilities
 - (b) Priorities and performance expectations
 - (c) Development of plans that are expected to enhance employees' performance
 - (d) All of the above
- (10) Workforce can be defined as
- (a) The totality of energies and skills available in an organisation
 - (b) The totality of knowledge available in an organisation
 - (c) The totality of machines available in an organisation
 - (d) The totality of managers available in an organisation

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CHAPTER THREE

JOB ANALYSIS

3.1 Learning Objectives

At the end of this chapter, students should be able to;

- i. Define and discuss the concepts of job analysis.
- ii. Explain the components of job analysis.
- iii. Discuss the benefits of job analysis.
- iv. Evaluate the importance of job analysis in different areas of human resource management.
- v. Define and explain the concept of job description.
- vi. Define and explain the concept of job specification.

3.2 Introduction

Organisations are rationally conceived to achieve specific goals and objectives. The primary objective of a business is to make a profit, as this remains the reward for the risk taken by the business owner.

For organisations to produce goods and services, employees must be gainfully engaged to perform and complete assigned tasks. Understanding the tasks to be performed can be found in the context of the required details of the job holders, as human capital remains the most valuable asset available to organisations.

3.3 The Concept of Job Analysis

A job is a collection of tasks assigned to be performed by an employee in an organisation. It is derived from an organisation's vision and mission statement broken into various divisions for execution and narrowed down to specific areas of focus, units, departments, or divisions.

Job design is derived from job analysis, and it refers to the complete specification of the content, methods and relationship of jobs, detailed to meet the technological and organisational needs of job holders, without overlooking his/her social and personal requirements on the job (Oladele,

2015). The essence of a job design is to integrate employees' needs with those of the organisation, to avoid goal conflict.

On the other hand, job analysis can simply be defined as the process of describing and recording several job aspects, including the purposes, tasks, duties, characteristics, behaviour and skills required for a given job in an organisation. Job analysis is the process of collecting, analysing and setting out all information about the contents of a job, to provide the basis for a job description and data for recruitment, training, job evaluation and performance management. It concentrates on what a job holder is expected to do on the job. Information on job analysis is recorded in two separate documents namely job description and job specification.

Job analysis is a systematic investigation of job contents, the physical circumstances in which the job is performed, and the requisite qualifications needed to perform the job satisfactorily. It is the process of gathering and analysing information about the contents and human requirements of jobs, as well as the context in which jobs are performed, which is used to determine the placement of jobs. In very simple words, job analysis is a formal programme which examines the tasks, duties and responsibilities contained in an individual unit of work. It is therefore a systematic process of identifying and determining the responsibilities, requirements and nature of a job in detail. It determines the skills, abilities, duties, authority and accountabilities a job should possess.

3.4 Outcomes of Job Analysis-Job Description and Job Specification

Job analysis produces job descriptions and job specifications. These are information about a job and are vital documents in human resource management. A job description is a document that clearly states essential job requirements, job duties, job responsibilities and skills required to perform specific jobs. It is a written informative document that states the duties, tasks, responsibilities and qualifications of a job. It is an internal document that explains the company's job positions. It contains details about the roles and responsibilities of various jobs in an organisation.

3.4.1 Job Description

A job description contains the following components: job title, job purpose, job duties and job responsibilities, and required qualifications, all of which are necessary for a job holder to succeed

on the job. It describes the position's responsibilities but also sets the foundation for recruiting, developing and retaining talents in an organisation. It refers to the written document that explains what the job holder does, how he or she does it and under what circumstance the task is done.

A good job description should provide information on the following:

- (i) Job identification: this refers to the job title or designation, for instance, Human Resource Manager, Finance Manager, Quality Control Manager etc. It also provides information regarding the remuneration attached to the job.
- (ii) A job summary: this document provides a list of the most important functions or activities of a specialised post. A job summary is usually used to draw up job specifications.
- (iii) Relations, responsibilities and duties-relations indicate the job holder's relations with others within and outside the organisation, responsibilities and duties spelt out and in detail.
- (iv) Authority and job standards: these involve the information about the job holder's authority limits, including his or her decision-making powers, supervision of other employees and budget limitations.
- (v) Work circumstances: a job description should indicate any special work circumstances for the job, for instance, noise level, heat and other risk factors.

3.4.2 Job Specification

Job specification describes the personal skills and experience required for the effective performance of a certain task. It is a list of minimum acceptable human qualities, which job holders must possess to help them perform and succeed on the job. It helps in hiring the appropriate persons for an appropriate position. Job specification contains the following:

- (i) Job title and designation.
- (ii) Educational qualifications for the job.
- (iii) Physical and other related attributes.
- (iv) Physique and mental health.
- (v) Maturity and dependability

3.5 Benefits of Job Analysis

Job analysis remains a key document in human resource management and is very useful for the success of organisations. It has the following benefits:

- (i) It assists in human resource planning, recruitment, learning and development, career planning, talent and knowledge management.
- (ii) It helps in the performance appraisal process. The requirements set by a job in terms of achieving organisational goals and objectives are used to develop accurate standards for employee performance.
- (iii) Job analysis provides the opportunity to bring to the attention of management unhealthy or dangerous environmental factors, inimical to employees' well-being and mental health.
- (iv) A good job analysis provides a scientific base through which unit managers or departmental can leverage, to develop effective career paths for employees.
- (v) It clarifies posts for which new employees are sought.
- (vi) It helps in the development of compensation plans for employees.
- (vii) It is a pre-requisite for any analytical attempt at job evaluation.
- (viii) It enables employee or role specifications to be drawn up for selection or learning.
- (ix) It helps in removing intra-industry wage differentials by ensuring that remuneration for a particular job is equal in similar organisations.

3.6 Advantages of Job Description

- (i) It helps the supervisor to assign work to employees, to guide and monitor their performances.
- (ii) It helps in recruitment and selection procedures.
- (iii) It helps in determining learning and development programmes.
- (iv) It is useful in job evaluation to decide the appropriate remuneration.
- (v) It is helpful in performance appraisal.

3.7 Advantages of Job Specification

- (i) It is useful in the preliminary screening of employees in the selection process.
- (ii) It helps in giving due justification to jobs.

- (iii) It helps the supervisor to counsel and monitor the performance of employees.
- (iv) It is useful for job evaluation.
- (v) It assists management in making decisions regarding promotion, transfers and giving extra benefits to employees.

3.8 Methods of Job Analysis

Job analysis can be conducted independently or simultaneously with four methods. These methods are;

- (i) **Observation Method**—this method involves a trained analyst who understands what to observe and take note of about a job or jobs, particularly observing the job holder(s) in action, as they perform their jobs and various activities carried out by employees in the course of performing their various tasks. This analyst must ensure a representative sample is covered while observing the job holders at work.
- (ii) **The Interview Method**—as the name implies, this method involves the administration of a structured set of questions, specifically developed into the activities and tasks carried out by incumbent job holders, as they work in the organisation. Their answers may be compared with each other. This may be conducted with a single individual, a group of individuals or a supervisor who has sufficient knowledge of the job. At the end of the exercise, information gathered through an interview must be supplemented and further refined through observation and questionnaires.
- (iii) **Questionnaire Method**—this method involves the use of a structured questionnaire to ask the employee specific questions with regards to the job, job requirements, work circumstances and required equipment employed to work within the organisation. The analyst should moderate the questions to be short, clear, and factual and explain to the job holders the purpose of the questionnaire and other relevant issues that can enhance the exercise to the job holders. The questions should be direct, probing and clear. There is a need to conduct a pilot test before the main administration.
- (iv) **Incumbent's Diary/Logbook Method**—this method involves the reliance on the information kept by job holders in their diaries and logbooks. This includes the job holder's duties, frequency of the duties, how tasks are carried out, and equipment needed, among others.

It is important to note that this method depends largely on how accurately the job holder completes his/her diary or logbook. However, it is a useful method, particularly where the job holder is a highly placed individual in the organisation or a very busy person, who is difficult to get to provide relevant information about his/her job.

3.9 Steps in Job Analysis

Job analysis is a sensitive issue in an organisation, for its objectivity and effectiveness, the following are steps to be taken by individuals/consultants/human resource managers in conducting it:

- (i) Decide the aims and objectives of the analysis.
- (ii) Submit outline/plan to senior management.
- (iii) Gain the support of senior management.
- (iv) Discuss the plan with line managers and specialists and modify it if necessary.
- (v) Seek the cooperation of employees' representatives (labour, unions).
- (vi) Draw up a detailed plan with a timetable.
- (vii) Select and train job analysts where necessary.
- (viii) Notify all staff that will be affected.
- (ix) Carry out a pilot study.
- (x) Review results and discuss relevant problems.
- (xi) Proceed with the final plan.
- (xii) Review results.

3.10 Job Evaluation

Job evaluation is the decision about the worth of jobs in an organisation at different times. The decision may be made informally, based on assumptions about the value of a job in the labour market or in comparison with other jobs in the organisation.

The basic premise of job evaluation is that certain jobs contribute more to organisational effectiveness and success than others are worth more than others and should be paid or compensated more than others.

Evaluating the 'worth' of jobs leads directly or indirectly to where a job is placed in a level or grade within a hierarchy and can determine how much an employee is paid. Job evaluation is a systematic process for defining the relative worth or size of jobs within an organisation to establish internal relativities/comparisons. It establishes the relative value or size of jobs based on fair, sound and consistent judgment and sound market comparison with jobs or roles of equivalent complexity and size.

Approaches to establishing the worth of jobs fall broadly into two categories. These are formal and informal job evaluations. The formal approaches use standardised methods to evaluate jobs that can be analytical or non-analytical. The schemes deal with internal relativities and the associated process of establishing and defining job grades or levels in an organisation.

The informal method is done based on assumptions about the internal and external relativities or simply by reference to going or market rates when recruiting people.

3.11 Conclusion

Job analysis is a systematic investigation of the job contents, the physical circumstances in which jobs are performed and the requisite qualifications needed to perform the jobs satisfactorily.

Two documents are produced after job analysis, these are job description and job specifications. A job description is a written document in which what the job holder does, how he or she does it and under what circumstances the tasks are done are recorded. On the other hand, job specification describes the required skills and experience a job holder should have to effectively perform the job.

3.12 Practice Questions

- (1) Discuss in detail the concept of job analysis.
- (2) Highlight and discuss the various methods of job analysis.
- (3) What are the benefits of job analysis?
- (4) What is job specification? What are the advantages of job specification?
- (5) Why do you consider job analysis important in modern-day human resource management?
- (6) What is a job description? What are the advantages of job description?

Multiple Choice Questions

- (1) Job design is derived from
 - (a) Job analysis
 - (b) Job specification
 - (c) Job description
 - (d) Job evaluation
 - (e) All of the above.
- (2) Job design refers to
 - (a) The complete specification of the content, methods and relationship of jobs, detailed to meet the technological and organisational needs of job holders
 - (b) The relationship between employees
 - (c) The relationship between employees and managers
 - (d) None of the above
- (3) Job analysis can simply be defined as the
 - (a) Process of describing and recording several job aspects in an organisation
 - (b) Process of recording tasks and duties of a job in an organisation
 - (c) Process of describing the characteristics, behaviour and skills required for a given job in an organisation
 - (d) All of the above.
- (4) Job analysis involves
 - (a) Collecting, analysing and setting out all information about the contents of a job
 - (b) Collecting and analysing information about employees in an organisation
 - (c) Collecting and analysing information about machines in an organisation

- (d) None of the above
- (5) Job analysis produces two documents
 - (a) Job description and job specification
 - (b) Job relationship and job performance
 - (c) Job pay and job positions
 - (d) None of the above
- (6) The following are the steps involved in job analysis except
 - (a) Decide the aims and objectives of the analysis
 - (b) Submit outline/plan to senior management
 - (c) Gain support from senior management
 - (d) Submit outline/plan to union executives
- (7) Job evaluation is the decision about
 - (a) The worth of jobs in an organisation
 - (b) The relationship between employees in an organisation
 - (c) The worth of machines in an organisation
 - (d) All of the above
- (8) Methods of job analysis include all the following except
 - (a) Interview method
 - (b) Observation method
 - (c) Questionnaire method
 - (d) Case study method
- (9) The following are advantages of job specification except
 - (a) It is useful in the preliminary screening of employees in the selection process.
 - (b) It helps in giving due justification to jobs.
 - (c) It helps the supervisor to counsel and monitor the performance of employees.
 - (d) It is useful in determining the relationship between employees and their managers
- (10) The following are the advantages of a job description except
 - (a) It helps the supervisor to assign work to employees, to guide and monitor their performances
 - (b) It helps in recruitment and selection procedures
 - (c) It is helpful in performance appraisal

(d) It shows the interactions between managers and union officials

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CHAPTER FOUR

INTRODUCTION TO EMPLOYEE RESOURCING

4.1 Learning Objectives

At the end of this chapter, students should be able to;

- i. Define and discuss the concept of employee resourcing.
- ii. Define and explain the concepts of recruitment and selection.
- iii. Discuss the methods of recruitment.
- iv. Discuss the advantages and disadvantages of internal and external recruitment.
- v. Explain the various steps in the selection process.
- vi. Differentiate between the concepts of placement, induction and employee onboarding.

4.2 Introduction

Organisations whether public or private cannot afford to engage too many people to execute tasks and assignments, as employee costs must be controlled. However, it is important to engage the right persons at the right time, in the right place, doing the right things and achieving the right results. Human resource requirements and challenges must be met and addressed at all times.

Employee resourcing is a phrase in human resource management that has been evolving since the 1990s within human resource management. It is a shift in manpower planning, which is concerned with the quantitative aspect of human resource planning and qualitative concerns of employees, as scarce resources which organisations cannot do without.

Mckenna and Beech (2002) see employee resourcing as the process of acquiring and utilizing human resources in an organisation, which involves a number of activities to ensure that there is sufficient quantity and quality of people available to meet organisational objectives. Price (2007) went further to stress that employee resourcing is the strategic approach to managing people by minimizing cost, maximizing employee value and obtaining the correct combination of behavioural attributes for the job and the organisation.

4.3 What is Human Resource Planning?

Human resource planning deals with the systematic and continuing process of analysing a firm's human resource needs and developing workforce policies suitable to the long-term effectiveness of the organisation. Planning on the other hand involves forecasting human resource needs in an organisation and designing appropriate actions like recruitment, selection, learning and career development. Fajana (2002) defined human resource management as “the complex task of forecasting and planning for the right number and the right kinds of personnel at the right places and the right times to perform activities that will benefit the organisation in accomplishing its objectives and helping its members satisfy their needs”. Human resource planning is successful to the extent that it properly co-ordinates each of these elements.

Furthermore, Armstrong (2011) defined human resource planning as “both quantitative and qualitative process of ensuring that the organisation has the right people, at the right time doing the right jobs”. It is therefore the process of analysing an organisation's human resource needs under changing conditions and developing solutions necessary to satisfy these needs. Organisations' mission, goals, objectives, strategies and policies must surely guide human resource planning.

4.4 Aims of Human Resource Planning

The aims or focus of human resource planning include the following:

- (i) To have the right people, with the right skills, expertise and competencies at the right time needed by organisations.
- (ii) To forecast the types of human resources needed at different times.
- (iii) To ensure replacements will be available and be prepared to fill vacant positions.
- (iv) To develop and retain a well-trained and flexible workforce, thereby ensuring that organisations can easily actualise the goals for which they are created.
- (v) Ensure the optimum use of the available workforce in organisations.
- (vi) Ensure recruitment policies meet the present and future number of jobs and qualities.
- (vii) Facilitate personnel procedures for the present and future jobs, in relation to recruitment, placement, learning, development and career planning.

Human resource planning provides answers to the following questions:

- (i) How many people will be needed?
- (ii) What skills, knowledge and competencies will be required?
- (iii) Will existing human resources meet the identified needs?
- (iv) Do employees need further training and development interventions and in what areas?
- (v) Is recruitment necessary?
- (vi) Will an organisation right-size to reduce cost or because of lower activity level? What will be the best strategy to tackle these situations?
- (vii) How will the organisation handle the issue of productivity and commitment?

In summary, human resource planning consists of the following key activities:

- (i) Forecasting future needs of the workforce.
- (ii) Analysing the available manpower and supply of people.
- (iii) Drawing up plans to match the supply and demand of human resources.
- (iv) Monitoring the implementation of all the plans above.

4.5 Recruitment: Definitions and Concepts

Recruitment involves the process of attracting a large pool of job candidates, who have some probability of on-the-job success if employed. It is a human resource management activity where prospective candidates react to job vacancy announcements by an organisation. It is therefore a two-way process where candidates assess the organisations by reacting to vacancies and where organisations assess candidates by shortlisting them from the large pool when they are adjudged to be relevant and suitable for the positions advertised.

Fajana (2002) defined recruitment as a “set of activities and processes used to legally obtain a sufficient number of the right people, at the right place and time, so that the people and the organisation can select one another in their own best interests, both in the short and the long run. The general purpose of recruitment is to allow for a large pool to be created, where potential job candidates apply, while organisations select suitable candidates from the pool.

Recruitment is also a process of getting people into organisations by discovering and procuring potential applicants for actual and anticipated vacancies in an organisation. The word ‘discover’

emphasises that effective recruitment is a process that involves exploration and that will require specialised methods and techniques.

Recruitment starts with organisational analysis, which is the process of evaluating the total organisation, its objectives, workforce effectiveness and internal environment. Information key to the success of recruitment is obtained from a corporate strategic plan where available. Other sources of information are monthly or quarterly reports, management meeting decisions, government policies and laws, as well as market trends. It is expected that an organisation must have conducted a detailed job analysis, where job description and job specification have been obtained.

4.6 Reasons for Recruitment

Recruitment is carried out for the following reasons:

- (i) To generate a pool of qualified applicants to fill existing vacancies or anticipated openings based on an expansion programme or introduction of new products.
- (ii) To present enough candidates for the selection function to be meaningful.
- (iii) In response to technological innovation of competitors' actions, capable of eroding the market for the company's products.
- (iv) To develop capable hands that can succeed employees that are close to the age of retirement.

4.7 Sources of Recruitment

There are two main sources of recruitment. These are internal and external sources. The choice of an organisation between these sources will depend on many factors like availability or otherwise of capable hands internally, the cost of recruitment, the urgency, and the technical know-how required, to mention but a few.

4.7.1 Internal Sources

Where there are vacancies in an organisation, the first choice of the human resource division is to look inwards for relevant and capable hands to fill the vacancies. When an employer considers internal sources of recruitment, the organisation may be particular about reducing cost, urgency in

filling the vacant positions and the need to ensure that available hands can utilise the training which they already have, relevant to the vacant positions.

Internal source of recruitment is the method which organisations deploy to fill vacancies that exist in the organisation, with existing employees considered to have relevant experience, exposure, skills and qualifications, to occupy the vacant position(s). The procedure for internal recruitment involves the posting of job vacancy notices on the boards within the organisation, companies' website and news bulletins. Specifically, the organisation must state that the vacancy is mainly for internal or existing staff. In this way, all eligible employees are given the opportunity to apply for the vacant position(s).

There are three methods organisations embark on for internal recruitment. These are:

- (i) Transfer—transfer is the movement of an employee from one department to another. An employee can be transferred to another department, division or branch outside the organisation. This on many occasions involves positions of higher responsibilities and authority.
- (ii) Promotion--- Promotion is the movement of an employee to a job that has greater responsibilities, and which may involve higher skills that an employee is adjudged to possess. Promotions attract higher pay and higher status for employees within an organisation. The employee also assumes a position of higher authority.
- (iii) Upgrade—this is a situation where the status of an employee changes to a higher level within the organisation, as a result of acquiring higher qualifications.

4.7.2 Advantages of Internal Source of Recruitment

Internal source of recruitment has the following advantages:

- (i) It boosts the morale of employees who are recruited or promoted to higher positions (s) and responsibilities and equally boosts their performances.
- (ii) It reduces the cost of recruitment through external sources like advertisement and, the cost of hiring the services of an employment agency or consultant(s).

- (iii) When internal recruitment results in promotion and higher responsibilities, it creates successive promotion opportunities for other employees at the lower levels, thereby preventing stagnation and labour turnover.
- (iv) It gives employees in the organisation a sense of job security and assurance of career advancement.
- (v) It assists in retaining high-performing staff and prevents poaching and job hunting from competitors.

4.7.3 Disadvantages of Internal Source of Recruitment

The following are the disadvantages of internal sources of recruitment:

- (i) It may encourage lobbying, infighting, political manoeuvring and bickering, which may hinder recruitment of employees on merit.
- (ii) Qualified candidates may not be available internally.
- (iii) It may prevent the infusion of new employees into the organisation who may be more creative and innovative, thereby hindering higher productivity and better business processes.
- (iv) The morale of employees who are not promoted or selected may be strongly affected.

4.7.4 External Sources of Recruitment

When organisations discover that employees do not have the skills and experiences suitable for a vacant position, they are left with no other option than to recruit candidates from outside the organisation. Besides, management may choose to recruit employees from outside, to infuse new talents into the organisation, with new ideas, who may be more creative and innovative.

External recruitment is the process through which organisations employ individuals suitable and capable from outside to fill vacant positions that exist within an organisation from time to time. External sources of recruitment will include media advertisements, unsolicited applications, the use of public and private employment agencies, employment referrals, professional associations and educational institutions.

When an organisation decides to attract from the labour market, three factors determine the decision. These are the labour force population, applicants' population, and applicants' pool. The

labour force population includes all individuals who are available for selection when all possible recruitment strategies are employed. The applicants' population is a subset of the labour force population that is available for selection, while the applicants' pool consists of all persons who are evaluated for selection.

4.7.5 Advantages of External Sources of Recruitment

The following are the advantages of external sources of recruitment:

- (i) It gives room for a larger pool of candidates than when the exercise is limited to internal sources.
- (ii) It creates jobs for promoters of employment agencies, consultants etc.
- (iii) The new employees are free from the politics at work, he or she will have time to focus on the job.
- (iv) When employees are recruited from competitors, they will bring new industry ideas and insights, as well as competitors' business approaches to bear into the organisation.
- (v) Less time and money are spent on learning and development, as new employees are bringing into the organisation quality training and development they must have acquired from their past employers.

4.7.6 Recruitment Policy

A recruitment policy is a guiding document which is followed for the recruitment of employees into various positions, whether internally or externally in an organisation. It specifies the objectives of recruitment and provides a framework for the implementation of recruitment programmes.

4.7.7 Components of Recruitment Policy

A recruitment policy should specify what and how the organisation should address and do in terms of recruitment. The components include the following:

- (i) Recruitment services of consultants.
- (ii) Recruitment of temporary employees.
- (iii) Unique recruitment situations.
- (iv) The selection process.

- (v) The job description.
- (vi) The terms and conditions of employment.

4.7.8 Factors Affecting Recruitment

Two major factors affect recruitment in an organisation, which can be classified as internal and external factors. The internal factors can be controlled by an organisation, while the external factors are outside the control of an organisation.

The internal factors are as follows:

- (i) Recruitment policy—this includes organisation objectives, preferred sources of recruitment, needs of the organisation, recruitment costs and financial implications, personnel policies and the strength of the organisation's competitors.
- (ii) Human resource planning—with effective human resource planning, manpower needs are determined both for the present and future requirements of the organisations.
- (iii) Size of an organisation—the size of a firm is an important factor. A firm will need to recruit when there is a possibility of expansion or increase in its operations.
- (iv) Cost—this is an important factor that all organisations will naturally consider and take appropriate decisions. Recruitment is a cost to organisations and management will prefer to employ lower cost.

The external factors affecting recruitment are as follows:

- (i) Demand and supply—this is determined by the availability of manpower within and outside the organisation. Where a firm needs certain categories of staff or professionals and there is limited supply in the market for them, organisations will depend on the internal source, by providing special training and development programmes for their employees.
- (ii) Labour market situation—the location of an organisation will influence its recruitment efforts. Where there are surpluses of manpower within its community, an organisation will be able to attract more than enough applicants.
- (iii) Competitors—the recruitment policies of competitors also affect the recruitment functions of an organisation. To face competition, many firms have to change their recruitment policies to outsmart their competitors.

- (iv) Image/Goodwill—the image of an organisation that can help or work against a firm. An organisation with a positive image and goodwill should be able to attract and retain talent in the firm. On the other hand, potential employees are discouraged from applying for jobs in organisations with negative images and goodwill.

4.8 Employee Selection

Employee selection is the process of choosing from potential candidates the ones that are best qualified and suitable for vacant positions that exist in an organisation. It involves choosing from a pool of applicants and exposing them to the selection process. It also involves matching candidates shortlisted, tested and interviewed with the expectations for the job, to determine the most suitable ones for the job.

Selection is a two-way process, while organisations are attracted to prospective candidates, the qualified candidates are also attracted to the employers. The primary purpose of selection activities is to identify the most suitable applicants and persuade them to accept positions in the organisation.

The selection process varies from one organisation to another. However, below is a possible sequence of the selection process:

- (i) First contact interview.
- (ii) Completion of application form.
- (iii) Testing the applicants using aptitude, intelligence, dexterity or personality tests.
- (iv) Conducting the main interview,
- (v) Reference checks, which are the verification of information given by the applicants.
- (vi) Physical and medical examination.

When organisations solicit applications through advertisements for vacant positions and/or through referrals, applicants submit their application letters along with their resumes and credentials for possible shortlisting. The human resource department screens the resume submitted, in line with the job description and specification advertised.

The following guidelines are used for effective screening of candidates:

- (i) The skills profile and job requirements, with emphasis placed on the specific job.

- (ii) The evaluation of applicants to determine the adequacy of their knowledge, skills and experience.
- (iii) Evaluation of resumes based on their logical flow, language and style.
- (iv) Discrepancies in the information provided in the resume for clarification.
- (v) Identification of candidates' special achievements, awards and honours.
- (vi) Assessment of candidates' employment history, in relation to the vacant position.

4.8.1 Selection Interview

A selection interview can be described as a discussion between interviewer(s) and interviewee(s) for an identified vacant position(s). A selection interview assists in determining the applicant's suitability, equipped with information about the organisation, as well as the vacant position. The process also enhances the applicant's perception of the firm.

There are three categories of tests a prospective employee is exposed to in the process of selection. These are:

- (i) Psychological tests.
- (ii) Medical tests.
- (iii) Management competency tests.

The applicability of the tests is based on their degrees of validity, and reliability, as well as the challenges which the human resource department has previously experienced in the adoption of the tests. However, the following tests are relevant in the selection process:

- (i) **Aptitude Tests**—aptitude tests are designed to measure an applicant's ability to learn a specific task. It tests for numerical skills, reasoning ability, spelling and sentence construction, among others.
- (ii) **Intelligence tests**—these are expected to measure the intellectual ability of applicants. However, many times interviewers complement this with other tests, as it may not be a valid predictor of success when an applicant is confronted with an actual work situation. Although with highly intelligent candidates, chances are high that such individuals will respond favourably to training relevant to their job responsibilities and will impact positively the achievement of organisational goals and objectives.

- (iii) Personality tests—the personality of an employee should be compatible with the organisation's culture, for him/her to succeed, hence personality test is very important. There are different types of personality tests, with the most commonly used being the self-report personality questionnaire. Here emphasis is placed on traits, as fairly independent, but enduring characteristics of behaviour.
- (iv) Achievement or performance tests—a performance test measures the applicant's knowledge of the job and the extent the applicant can carry out the assignment.
- (v) Psychometric or skills tests—these are carried out to test or measure an applicant's intellectual skills, particularly in the areas of reading, spelling and mathematical tests.
- (vi) Graphical test—this will test the applicant's handwriting and it is necessary when the job involves the exchange of correspondence, with people that are external to the organisation. This uses a sample of the applicant's handwriting to predict performance or behaviour. It is assumed that individuals who write consistently manifest consistent behaviours and vice-versa
- (vii) Physical and medical examinations—after the prospective employee has cleared the preliminary hurdles, physical and medical examinations are considered necessary for determining the applicant's health and physical suitability for the job. The labour laws restrict employment discrimination based on health or physical disability. Another purpose of the tests is to have a record of the health and physical conditions of an employee, to assist an organisation in having an accurate health history of the employee, which will influence future management decisions on the worker, should the case arise for compensation for injury or death at work.
- (viii) Reference Checks—this involves verifying the information the applicant provided and obtaining additional information by communicating with previous employers or other references supplied by the applicant. It is expected that reference checks will have considerable face validity; as previous performances are fair predictors of future performances.

4.9 Reliability and Validity Issues

A selection test is valid if it measures what it is designed to measure. In this way, it is valid given the extent to which it accurately predicts the expected performance of prospective candidates. On

the other hand, a reliability test measures how consistently a selection test employed continues to predict performance with the same degree of success.

Although the reliability and validity of employee selection procedures have been criticised, the greater problem confronting the programme is how to optimise the returns to the employing organisation and even to the employees themselves.

The major step in selecting successful employees is to develop a measure of job success called a criterion. Specific characteristics or predictors necessary for good performance on these measures and the same for the job are then determined. It is expected that job success becomes operational and measurable only after its predictors have been identified. Therefore, the challenge in the selection process is to learn to measure success on a job and then identify those characteristics that led to good performance on the measure of job success. These measures and predictors of performance are crucial to evaluating the validity and reliability of any package of employee selection programmes.

4.10 Placement

Placement refers to the process of connecting the selected candidates for a position and the employer to establish an ongoing employment relationship. In this case, the employee is given the activities he/she needs to perform and his or her duties. It is the act of placing an employee in a particular job. In this way, the employee is made conversant with the conditions and culture prevailing in the organisation and all those things relating to the job.

The placement strategy takes into account the applicant's interests, skills and knowledge. When an organisation has a large and diverse job structure, it can use the placement strategy to reduce the cost associated with recruitment and selection processes.

4.11 Induction Process

When an organisation has successfully selected the right candidates and has placed them in their various positions, the next important assignment is to properly integrate the new employees into the organisation through the induction process.

Induction is the process of welcoming newly recruited staff into the organisation and supporting them to adjust to their new roles and work environment as much as possible. In this way, the human resource department, along with other relevant departments design an induction programme to ensure that the new employee(s) settle into their new roles and perform to expectation.

Induction, also known as orientation, is a process of making the recruits familiar with the work environment and their fellow workers. It is a well-structured formal process specifically designed to welcome new employees into the organisation. The new employee(s) gets familiar with co-workers, the system of work, as well as the organisational culture and he or she is exposed to all the fundamental aspects of the job. It is simply the introduction of a new staff to the job and the organisation.

4.12 Employee Onboarding

Employee onboarding refers to the process by which new hires are integrated into the organisation. It includes activities that allow new employees to complete an initial new hire orientation process, as well as learn about the organisation and its structure, culture, vision, mission and values. For some organisations, the onboarding process consists of one- or two-day activities, while for others, this process may involve a series of activities spanning one or many months. Sometimes, employee onboarding is confused with employee orientation. All new employees are onboarded, but the quality of the onboarding makes a difference. When employees go through a long period of onboarding, particularly between 2/3 months to 6/12 months, this lays a strong foundation for long-term success for the employee(s) and the employers. It will enhance productivity, build employee loyalty, and employee engagement and help employees become successful early in their careers in the organisation.

4.13 Conclusion

Planning is a key function in management and given that human resource is an important asset to all organisations, human resource planning becomes a very important function of the human resource department. In doing this, organisations should take into consideration recruitment exercises and when to hire new employees. It can be internal or external recruitment methods. When new employees are recruited, they must go through proper induction for them to integrate

into the work system. Some organisations extend this programme to last for one to six months, this being a process of onboarding.

4.14 Practice Questions

- (1) Define and discuss the concept of human resource planning.
- (2) Recruitment is a process which involves the attraction of a large pool of job candidates. Discuss.
- (3) Clearly state and explain the reason for recruitment.
- (4) What are the sources of recruitment? Explain the advantages and disadvantages of these sources.
- (5) Employee selection is a two-way system. Discuss.
- (6) List and explain the factors that affect recruitment.
- (7) Employee onboarding is expected to enhance workers' knowledge about their work system. Discuss.
- (8) What is the importance of employee induction to the organisation and workers?

Multiple Choice Questions

- (1) The aims of human resource planning include all except one
 - (a) To have the right people, with the right skills, expertise and competencies at the right time needed by organisations.
 - (b) To forecast the types of human resources needed at different times.
 - (c) To ensure replacements will be available and be prepared to fill vacant positions.
 - (d) To determine the remuneration of management staff in an organisation
- (2) Recruitment is a set of
 - (a) Activities and processes used to legally obtain a sufficient number of the right people, at the right place and time into an organisation
 - (b) Activities and processes of evaluating the worth of a job
 - (c) A and B
 - (d) Activities and processes of determining employees' skills and abilities
- (3) The sources of recruitment are
 - (a) Internal and Internet
 - (b) Internal and Advertisement
 - (c) Internal and external
 - (d) All of the above

- (4) Placement refers to the process of
- (a) Connecting the selected candidates for a position and the employer
 - (b) Connecting the selected candidates for a position and the unions
 - (c) B and D
 - (d) Connecting the selected candidates for a position and management staff
- (5) Employee onboarding refers to
- (a) The process in which new hires are integrated into the organisation.
 - (b) The process in which new hires are integrated into the staff club
 - (c) The process by which new hires are integrated into the union
 - (d) All of the above
- (6) Employee onboarding includes activities that allow
- (a) New employees are to complete an initial new hire orientation process
 - (b) Learn about the organisation and its structure
 - (c) Appreciate the culture, vision, mission and values of the organisation
 - (d) All of the above
- (7) The following guidelines are used for the effective screening of candidates except for one
- (a) The skills profile and job requirements, with emphasis placed on the specific job
 - (b) The evaluation of applicants to determine the adequacy of their knowledge, skills and experience
 - (c) Assessment of candidates' membership of social clubs
 - (d) Evaluation of resumes based on their logical flow, language and style.
- (8) The external factors affecting recruitment are the following except
- (a) Demand and supply of labour
 - (b) Labour market situation
 - (c) Ability to pay
 - (d) Competitors
- (9) The following are the advantages of external sources of recruitment
- (a) It gives room for a larger pool of candidates than when the exercise is limited to internal sources.
 - (b) It creates jobs for promoters of employment agencies, consultants etc.
 - (c) The new employees are free from the politics at work

- (d) All of the above
- (10) Employee selection is the process of
 - (a) Choosing from potential candidates the ones that are best qualified and suitable for vacant positions that exist in an organisation
 - (b) Choosing potential candidates that are well-known to management staff
 - (c) Choosing from potential candidates that can support the company financially
 - (d) All of the above

Case Study

Mr. Bolus joined TKO Industries ten years ago as a factory hand. Because of his hard work and efficiency, he has been promoted several times. Now, he is a Production Supervisor (special grade). He has been sponsored to take a number of professional courses within and outside the company.

Recently, he came to the Human Resource Manager to report that he had become a “born again” Christian and confess that he obtained his first job ten years ago with a forged certificate.

Questions

- (1) If you were the Human Resource Manager, what would you do?
- (2) What steps will you take to prevent a future occurrence?

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CHAPTER FIVE

INTRODUCTION TO LEADERSHIP

5.1 Learning Objectives:

At the end of this chapter, students should be able to;

- i. Define and explain the concept of leadership.
- ii. Define and explain the concept of motivation.
- iii. Define and explain the concept of change management.
- iv. Explain the purpose and needs for leadership, as well as the types of leaders.
- v. Distinguish between a manager and a leader.
- vi. Discuss the various theories of leadership.
- vii. Identify the different types of leadership styles.
- viii. Discuss the various theories of motivation.

5.2 Introduction

Organisations are conceptually organised to achieve specific goals. However, for organisations to function, they need resources, ranging from human, financial, materials and other resources. These resources are utilised efficiently and effectively toward the desired goals of the organisation.

Organisations exist in a dynamic business environment. They operate in a very competitive environment, and they are affected by factors within and outside the organisation. Therefore, the success or otherwise of any organisation depends on many factors. Key among these factors is human capital and how the human resource can manage successfully, other resources needed by organisations to achieve their set goals.

Leadership, motivation and the management of an organisation, in a continually changing environment, are key to the survival of any organisation. Every manager and business leader must consider, as a matter of routine, the attainment of organisational goals and superior performance. This presents the issues of effectiveness (strategy/goals) and efficiency (the use of resources).

5.3 What is Leadership?

Leadership is the ability of an executive to direct, guide and influence the behaviour and work of others towards the accomplishment of set goals in a given situation. It is the ability of a manager to induce the subordinates to work with confidence and zeal. Leaders are required to develop future visions and motivate members of an organisation to want to achieve the visions.

Leadership is the ability to persuade others to seek defined goals enthusiastically and channel their energies toward achieving the goals. It is the human factor which binds a group together and motivates it towards achieving quality results, for the benefit of an organisation.

5.3.1 Characteristics of Leadership

- i. It is an inter-personal process in which a manager influences and guides workers towards the attainment of goals.
- ii. It denotes some qualities essential in a person which include intelligence, maturity and personality.
- iii. It is a group process. It involves two or more people interacting with one another.
- iv. A leader is involved in shaping and moulding the behaviour of the group towards the accomplishment of organisational goals.
- v. Leadership is situation-bound. There is no best style of leadership. It all depends upon the situation.

5.4 Leadership and Management: Relationships and Differences

A leader in any organisation is someone who plans, organises, controls, communicates, delegates and accepts responsibilities to achieve set goals.

Leadership and management are often considered to be synonymous, but leadership is essential to effective management. As a crucial component of management, leadership behaviour stresses building an environment in which every employee develops and excels. The influence of leadership may originate from formal sources, such as that provided by managerial positions in an organisation.

A manager must have the traits of a leader, i.e., he must possess leadership qualities. Leaders develop and build strategies that sustain competitive advantage. Organisations require robust leadership and robust management for optimal organisational efficiency.

5.4.1 Differences between Leadership and Management

Leadership differs from management in the following ways:

- (1) While managers lay down the structure and delegate authority and responsibility, leaders provide direction by developing the organisational vision, communicating it to the employees and inspiring them to achieve it.
- (2) While management focuses on planning, organizing, staffing, directing and controlling; leadership is mainly a part of the directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers.
- (3) While a leader gets his authority from his followers, a manager gets his authority by virtue of his position in the organisation.
- (4) Managers follow the organisation's policies and procedures, while leaders follow their instincts.
- (5) Management is a science, while leadership is an art. Managers are required in any work system, but leaders are essential in the work enterprise.
- (6) Management deals with the technical dimension of an organisation or the job content, leadership deals with the people aspect of the organisation.
- (7) Management measures/evaluates people by their name, records, and present performance; leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with the future and the performance of people if their potential is fully extracted.
- (8) If management is reactive, leadership is proactive.
- (9) Management is based more on written communication, while leadership is based more on verbal communication.

Organisations that are over-managed and under-led do not perform up to the benchmark.

Leadership accompanied by management sets a new direction and makes efficient use of resources to achieve it. Both leadership and management are essential for individual as well as organisational success.

5.5 Ingredients of Leadership

Every group of people that performs near its total capacity has some person as their head, who is skilled in the art of leadership. These skills seem to be a compound of at least four major ingredients:

- (1) The ability to use power effectively and responsibly,
- (2) The ability to comprehend that human beings have different motivating forces at different times and in different situations
- (3) The ability to inspire
- (4) The ability to act in a manner that will develop a climate conducive and responsive to arousing motivation.

The first ingredient of leadership is power. In organisations, the existence of legitimate power, which a leader has, normally arises from his or her position and derives from the rights, obligations and duties of the occupier of the position. Power may also come from the expertise of a person or a group. This is the power of knowledge. Power may further exist as reverent power, which is the influence that an individual or group may exercise because people believe in them and their ideals. Power also arises from the ability of some people to grant rewards which is to compensate people for certain acts. There is equally the coercive power and the power to punish.

The second ingredient of leadership is a fundamental understanding of people. It is one thing to understand motivation theories and what motivates people at work, but it is another thing entirely to apply this knowledge to enhance employee performance. A manager or any other leader who at least knows the motivation theories and who understands the elements of motivation is more aware of the nature and strength of human needs and is better able to define and design ways of satisfying them to get the desired responses from employees or people.

The third ingredient of leadership is the ability to inspire followers to apply their full capabilities to an assignment, project or task to achieve success. The fourth ingredient of leadership has to do

with the style of the leader and the organisational climate he or she developed. The strength of motivation greatly depends on the expectancies, perceived reward, the amount of effort believed to be required, the task to be done and other factors that are part of an environment and organisational climate (Cole and Kelly, 2011).

5.6 Purpose of Leadership

Leadership is an important function of management which helps to maximise efficiency and to achieve organisational goals. The following points justify the place of leadership in an organisation.

- (1) **Initiating action-** The leader is a person who starts by communicating the policies and plans to the subordinates from where the work starts.
- (2) **Motivating employees-** A leader motivates the employees with economic and non-economic rewards and thereby secures maximum cooperation.
- (3) **Providing guidance-** A leader not only has to supervise but also has to guide the subordinates. Guidance here means instructing the subordinates in the way they have to perform their work effectively and efficiently.
- (4) **Creating confidence-** Confidence building is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining to them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regard to their complaints and problems.
- (5) **Building morale-** In this context, morale denotes the enthusiastic feeling that employees demonstrate about their work. A leader who desires to succeed in his/her position cannot do without a winning team and to put such a team together, he/she needs to be versatile in the art of morale building.
- (6) **Ensuring a conducive work environment-** Management is getting things done through people. A conducive/friendly work environment can go a long way in enhancing the productivity of employees, thereby leading to greater chances of boosting the bottom line of the organisation.
- (7) **Co-ordination-** Co-ordination, the art of getting people to work together harmoniously, is a core function of leadership and effective co-ordination can be best achieved by reconciling the divergent interests of employees with organisational goals.

5.7 Types of Leadership

The most important types of leadership are (1) Charismatic leadership; (2) Traditional leadership; (3) Situational leadership; (4) Appointed/Positional leadership; and (5) Functional/Influential leadership.

Charismatic Leadership gains influence mainly from the strength of personality. This leader possesses the exceptional qualities required to transform all around him into willing followers. It is important here to stress that such personal qualities or traits of leadership cannot be acquired through training, although they can be modified by it.

Traditional Leadership, on the other hand, is a position acquired by birth (for instance of kings, queens, and tribal chieftains). This is a category to which people can aspire. Except in a small family business, there are few opportunities for traditional leadership at the workplace, in the present-day environmental dynamism.

Situational Leadership occurs where influence can only be effective by being in the right place at the right time. This type of leadership is too temporary to be of much value in a business. What is however important is that someone capable of assuming a leadership role in a variety of situations over some time usually emerges as situations demand.

Appointed/Positional Leadership occurs as a result of influence which arises directly out of a position. This is relevant to most managers and supervisors. This is the bureaucratic type of leadership where legitimate power springs from the nature and scope of the position within the hierarchy. However, the major challenge here is that the powers of the position may be clearly defined, but the jobholder may not be able to exercise them in full because of weak personality traits and lack of adequate training.

Functional/Influential Leadership is obtained in a situation where the jobholders secure their leadership position by what they do, rather than by what they are. In other words, functional leaders adapt their behaviours to meet the competing needs of the situation.

5.8 Leadership Styles

Leadership styles represent the classification of how leaders use their authority. Basically, leaders are seen as applying three styles. These are the autocratic leadership style or leader, democratic or participative leadership style and the free-rein or laissez-faire leadership style. The autocratic leader commands and expects compliance, is dogmatic and positive, and leads by the ability to withhold or give rewards and punishment. On the other hand, a democratic leader consults with subordinates on proposed actions and decisions and encourages participation from his or her subordinates. On many occasions, such leaders are reluctant to make decisions without the input of their subordinates. They hardly take action without the concurrence of their subordinates.

For the free-rein leaders, they use their powers very little. They give their subordinates a high degree of independence in their operations. Such leaders depend largely on subordinates to set their own goals and means of achieving them. They see their roles as that of aiding the operations of their employees by furnishing them with information and acting primarily as a contact with the group's external environment.

Table 5.1: Three Leadership Styles

S/N	Autocratic	Democratic	Laissez-faire
1.	Determination of policies and decisions by the leader	Policies and decisions are matters of group discussion and decision, encouraged and assisted by the leader	Complete freedom for group or individual decisions, with a minimum of leader participation.
2.	Techniques and activity steps are dictated by the authority, one at a time, so that future steps are always uncertain to a large degree.	Activity perspective gained during the discussion period. General steps to group goal sketched, and where technical advice is needed, the leader suggests two or more alternative procedures from which choice can be made	Various materials were supplied by the leader who made it clear that he would supply information when asked. He takes no other part in the work discussion.

3.	The leader usually dictates the particular work task and work companion of each member.	The members are free to work with whoever they choose, and the division of tasks is up to the group.	Complete non-participation of the leader in determining tasks and companions.
4.	The leader tends to be “personal” in his praise and criticism of the work of each member and remains aloof from active group participation except when demonstrating.	The leader is objective or “fact-minded” in his praise and criticism and tries to be a regular group member in spirit without doing too much of the work.	Infrequent spontaneous comments on member activities unless questioned and no attempt to appraise or regulate the course of events.

Source: Ogunbameru, O. A. Organisational Dynamics. (2004). Ibadan: Spectrum Book Ltd.

5.9 Theories of Leadership

Theories of leadership focus on many areas of leadership. They may focus on leaders’ traits, behaviours (what the leader does), the power influence approach (the amount and type of power and how it is exercised), the situation or some combinations of the above.

Some of the theories of leadership developed many years ago, tended to be more universal, applying to all types of situations. However, recently, contingency theories of leadership have emerged, suggesting that certain aspects of leadership may apply to some situations more specifically than other situations (Ogunbameru, 2004).

In the first half of the 20th century, researchers believed they could identify personal attributes and traits required by leaders. To them, it will be easy to identify, select and promote such individuals into leadership positions. It was found that these traits and qualities have limited value in trying to identify leaders. To this end, the following theories of leadership are discussed (Cole and Kelly, 2011).

5.9.1 Trait Theory

Before 1949, studies of leadership were based largely on an attempt to identify the traits that leaders possess. It began with the “great man” theory that leaders are born and not made, a belief dating back to the ancient Greeks and Romans. However, researchers have tried to identify the

physical, mental and personality traits of various leaders. The theory lost much of its acceptability with the rise of the behaviourist school of psychology (Cole and Kelly, 2011).

The study on traits by Ralph M Stogdill came up with the following traits that leaders have, which distinguish them from ordinary people. These are physical traits (energy, appearance and height), intelligence and ability traits and personality traits (adaptability, aggressiveness, self-confidence and enthusiasm). Stogdill further posited that individuals with these leadership traits combine them with task-related characteristics (achievement, drive, persistence and initiative) and social characteristics (cooperativeness, interpersonal skills and administrative ability).

Apart from Stogdill's studies on leadership traits, other important findings on traits identified drive (which include achievement, motivation, energy, ambition, initiative and tenacity), leadership motivation (the aspiration to lead but not desperately about power), honesty and integrity, self-confidence (emotional stability), cognitive ability and an understanding of the business.

5.9.2 Leadership Styles and Behaviour Theory

There are several theories on leadership styles and behaviour. Some of these theories focus on (i) leadership based on the use of authority (ii) the managerial grid (iii) leadership involving a variety of styles, ranging from a maximum to a minimum use of power and influence.

- (i) Styles based on the use of authority---Some leadership styles theorists classified the styles based on how leaders use their authority. Leaders are found to apply three styles of authority. One is the autocratic style, which is based on command and compliance. He/she is dogmatic, and positive and leads by the ability to withhold or give rewards and punishment. There is also the democratic or participative leader, who consults with subordinates on proposed actions and decisions. More importantly, this leader encourages the participation of the subordinates. Such leaders range from those who will not take action without subordinates' concurrence, to the one who makes decisions, but consults with subordinates before doing so.
- (ii) There is also the free-rein leader. Leaders in this category give their subordinates a high degree of independence in their operation. Such leaders allow subordinates to set their own goals and the means of achieving them.

It is important to state that the use of any style will depend on the situation. That is, whichever style is adopted by the leader would depend on the existing situation. It therefore means that a leader could switch from one style to another.

5.9.3 The Managerial Grid

One of the prominent leadership styles approaches is the managerial grid which was developed decades ago by Robert Blake and Jane Mouton. It is still relevant as a means of training managers the world over.

The grid has two dimensions namely: concern for people and concern for production. These scholars emphasise that the phrase “concern for” is meant to convey how managers are concerned about people or production.

In this way, concern for production for instance includes the attitude of a supervisor towards a wide variety of things like quality of policy decisions, procedures and processes, creativity of research, quality of service, work efficiency and volume of output.

On the other hand, concern for people is interpreted to include the degree of personal commitment towards goal achievement, maintenance of the self-esteem of workers, placement of responsibility based on trust rather than obedience, provision of good working conditions and the maintenance of satisfying interpersonal relations.

Blake and Mouton recognised four extremes of styles which were categorised as High and Low concern for people and High and Low concern for production. Under a High concern for people, the leader/management has thoughtful attention to the needs of the employees, which invariably creates a friendly and comfortable organisational atmosphere and work tempo. At the Low concern for people, the leader/management exerts minimum efforts to get work done and sustain organisational morals.

On the other hand, High concern for production implies that the leader or management ensures that work accomplished is from committed people with interdependence, through a common stake in the organisation's purpose and with trust and respect. The Low concern for production stipulates a leader/ management ensuring that efficiency results from arranging work in such a way that human elements have little effect.

5.9.4 Situational or Contingency Theory of Leadership

Given the disillusion of the “great man” and traits theory of leadership, attention shifted to the study of situations and the belief that leaders are the products of given situations. Many studies have confirmed that leadership is strongly determined or affected by the situations from which leaders emerge and in which they operate. This approach to leadership recognises that there exists an interaction between the group and the leader. It supports the fact that people tend to follow those whom they perceive (accurately or inaccurately) as offering them a means of accomplishing their desires (Cole and Kelly, 2011; Ogunbameru 2004). The leader is therefore the person who recognises these desires and does things or undertakes programmes designed to meet them.

Another version of the contingency theory of leadership was developed by Fiedler and his associates at the University of Illinois. This version holds that people become leaders not only because of the attributes of their personalities but also because of the various situational factors and the interactions between the leaders and the group members. They described three critical dimensions of the leadership situation. These are (i) position power, (ii) task structure and (iii) leader-member relations. Position power relates to the degree to which the power of a position, as distinguished from other sources of power (for instance, personality or expertise) enables a leader to get group members to comply with directions. In the case of managers, this is the power arising from organisational authority.

Task structure on the other hand is the extent to which tasks can be spelt out and people held responsible for them. The idea here is that when tasks are clear, the quality of performance can be more easily controlled, and group members can be held more definitely responsible for performance. Lastly, are the leader-member relations, which scholars regarded as the most important, focusing on the extent to which group members like and trust a leader and are willing to follow the leader.

5.10 The Concept of Motivation

Every organisation and business wants to be successful. Organisations continually strive to develop and record growth. In the prevailing competitive economic climate, organisations regardless of size, technology and market, focus on employee retention challenges and how they

can continually win the hearts of the workers to their jobs. To achieve this, organisations create and maintain strong, positive relationships and bonds between the employees and the firms.

To achieve prosperity, organisations design different strategies to compete with their competitors and to increase the performance of the firms. Among these strategies is employee motivation.

The English word motive means a need or desire that causes a person to act. Motivate in turn, means to provide a motive and motivation means the act or process of motivating. In other words, motivation can be described as a driving force towards some accomplishment. It is therefore a push or an influence to proceed in fulfilling a want.

Motivation is fundamentally meant to facilitate behavioural alteration and it is a force that enables an individual to act in the direction of a particular objective. Employee motivation is described as the whole process of giving impetus or stimulus to the employees so that they are willing to work without force (Mochklas and Suwitho, 2016).

Ogunbameru (2004) defines motivation as the force that energizes behaviour, gives direction to it and underlies the tendency to persist. On their part, Weihrich et al (2008), see motivation as the general term applying to the entire class of drives, desires, needs, wishes and similar forces. For them, when managers motivate their subordinates, they influence the subordinates to do things or take actions, which they hope will satisfy these drives and desires and induce the subordinates to act in a desired manner.

5.11 Theories of Motivation

Human motives are based on needs, whether consciously or subconsciously felt. Some are primary needs, like the physiological needs for water, air, food, sleep and shelter. Other needs may be regarded as secondary for instance self-esteem, status, affiliation etc.

However, motivation in a general term applies to the entire class of drives, desires, needs, wishes and similar forces. Therefore, to say that managers motivate their subordinates is to say that they do things which they hope will satisfy these drives and desires and induce the subordinates to act in a desired manner. Theories of motivation are developed to explain, analyse and conceptualise these drive employees to perform optimally to achieve organisational goals. To this end, the following motivation theories are considered.

5.11.1 McGregor's Theory X and Theory Y

Douglas McGregor expressed a view about the nature of people in the organisation and managing them. McGregor suggested that managing people at work must commence with the basic question of how managers see themselves concerning others. The response requires some deep thoughts on the perception of human nature.

Theory X and Theory Y are two sets of assumptions about the nature of people in organisations. These terms were chosen by McGregor because he needed neutral terminologies without any connotation of being 'good or bad'. McGregor's theories are discussed under style motivation theory, and they are sets of assumptions about behaviour. They represent two different sets of assumptions made by managers about their employees.

McGregor came up with the following "traditional" assumptions about the nature of people.

- (i) Average human beings have an inherent dislike for work and will avoid it if they can.
- (ii) Because of this human characteristic of disliking work, most people must be coerced, controlled, directed and threatened with punishment to get them to put forth adequate effort toward the achievement of organisational objectives.
- (iii) Average human beings prefer to be directed, wish to avoid responsibility, have relatively little ambition and want the security of a job, above all.

McGregor considered the following assumptions under Theory Y:

- (i) The expenditure of physical and mental effort in work is as natural as play or rest.
- (ii) External control and the threat of punishment are not the means for producing efforts toward organisational objectives. People will exercise self-direction and self-control in service to the objectives to which they are committed.
- (iii) The degree of commitment to objectives is proportional to the size of the reward associated with their achievement.
- (iv) Average human beings learn, under proper conditions, not only to accept responsibility but also to seek it.

- (v) The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problems is widely, not narrowly distributed in the population.
- (vi) Under the condition of modern industrial life, the intellectual potentialities of the average human beings are only partially utilised.

The two sets of assumptions are fundamentally different. Theory X is pessimistic, static and rigid. Control is primarily external, imposed on subordinates by the superior. In contrast, Theory Y is optimistic, dynamic and flexible, with an emphasis on self-direction and integration of individual needs with organisational demands. These sets of assumptions will influence how managers carry out their managerial functions and activities.

In order not to misinterpret or misunderstand theories X and Y, McGregor stressed that they are assumptions about people in the workplace and as such are not prescriptions or suggestions for managerial strategies. He suggested that these assumptions should be tested against reality. Furthermore, these theories are intuitive deductions and not based on research.

It is important to point out that the attitudes to work by employees as presented by McGregor in Theory X is substantially the theory of scientific management, with its emphasis on controls and extrinsic rewards. This points to extrinsic motivation, which is a form of motivation that stresses and values outcomes or benefits provided by others, like promotion, pay increase, praise and recognition.

On the other hand, McGregor's assumptions of Theory Y are closely related to Maslow's Hierarchy of Needs, as employees' behaviours depict workers who are committed to the achievement of organisational goals and objectives, as they exercise imagination and ingenuity at work and working to achieve organisational goals, comes naturally. Such employees are seen to be highly structured to work.

Theories X and Y have made their greatest impact in the managerial world, as they have become part of the folklore of 'management style.' They help to identify extreme forms of management style. In real life, a blend of the two theories is more likely to provide the best prescription for effective management.

5.11.2 Fredrick Herzberg's Motivation Hygiene Theory

Herzberg's studies of the mid-twentieth century concentrated on satisfaction at work. That is, what can make employees develop job satisfaction, as this is key to the realisation of corporate goals.

In his studies, Herzberg interviewed 200 engineers and accountants on when they experienced satisfactory and unsatisfactory feelings about their jobs. At the end of the interview, Herzberg's team concluded that within the workplace, certain factors tended to lead to job satisfaction and others lead frequently to job dissatisfaction.

For Herzberg, the factors giving rise to job satisfaction were called Motivators and those giving rise to dissatisfaction were called Hygiene Factors. The most important motivators or satisfiers are as follows:

- (i) Achievement
- (ii) Recognition
- (iii) Work itself
- (iv) Responsibility
- (v) Advancement

Herzberg pointed out that these motivators were intimately related to the content of work, which is the intrinsic challenge, interest and the individual responses generated by them.

On the other hand, the important Hygiene Factors or dissatisfiers are as follows:

- (i) Company policy and administration
- (ii) Supervision-particularly the technical aspects
- (iii) Salary
- (iv) Interpersonal relations
- (v) Working conditions

He noted that dissatisfiers are more related to the context or environment of work than to its content. When in line with employee requirements, such factors could smooth the path of working life, but in a way taken for granted. When these factors are out of line with employees' expectations, they could be a source of difficulty, and complaint and provide grounds for

dissatisfaction at work. These lacks led Herzberg to call them ‘hygiene’ factors, because they contribute to the prevention of poor psychological health, and they do not make any positive contribution to employee’s sense of well-being.

The key distinction between the motivators and the hygiene factors is that motivators can bring about positive satisfaction, but the hygiene factors can only serve to prevent dissatisfaction. In other words, where motivators are absent from the job, the employee is likely to experience real dissatisfaction. However, where the hygiene factors are provided for, they will not bring about substantial job satisfaction.

5.11.3 Maslow’s Hierarchy of Needs

Maslow’s studies into employee or human motivation led him to develop a theory of need, based on a hierarchical model with basic needs at the bottom of the ladder and other higher needs. Maslow’s hierarchy of needs theory was first published in 1954 but is still very relevant today in the world of work.

His submission was that employees and human beings, in general, are motivated by the desire to satisfy specific groups of needs that are in a hierarchical order. These needs are categorised as:

- (i) Physiological needs—the needs for food, sleep, shelter, sex
- (ii) Safety needs—needs for a stable environment relatively free from threats
- (iii) Love needs—affectionate relations with others and status within a group
- (iv) Esteem needs—needs for self-respect, self-esteem and the esteem of others.
- (v) Self-actualisation needs—the need for self-fulfilment

Maslow posited that people tend to satisfy their needs systematically, starting with the basic physiological needs and then moving up the hierarchy. He believed that until a particular group of needs is satisfied, a person’s behaviour will be dominated by them. When this group of needs are satisfied, a person’s desire for higher needs becomes prominent. This means that when an employee is striving to satisfy basic needs, he may not be particularly motivated to consider other higher needs, like safety or love needs.

Maslow’s theory provided a useful framework for the variety of needs people may experience at work and how their motivation can be met by managers. However, one major criticism of the

theory is that it makes human needs put in hierarchical form look too systematic, such that it is only when one group of needs is satisfied that another group of needs is considered. It could be said that these needs are better imagined to be in a continuum because employees or human beings move up and down the continuum in satisfying their needs at different levels.

5.11.4 Likert Motivation Theory

Rensis Likert's contributions to the concept of motivation and its applicability to the world of work became prominent as a result of his experience at work as a Director of the Institute of Social Research at the University of Michigan in the USA. This was called the 'Michigan Studies.'

Likert theorised about high-producing managers and low-producing managers. The high-producing managers are those who achieve not only the highest productivity but also the lowest costs and the highest levels of employee motivation. The low-producing managers, on the other hand, had higher costs and lower employee motivation.

Based on his research, Likert found that high-producing managers were able to build their successes on interlocking and tightly knit groups of employees, whose cooperation had been obtained by thorough attention to a range of motivational forces. These included not only economic and security motives, but also ego and creativity motives. These managers utilised the tools of classical management work-study. They did so in a way that recognised the aspiration of the employees, by encouraging participative approaches.

5.12 Change Management

The business landscape of the 21st century is characterised by rapid change brought about by technological, economic, political and social changes. It is no longer the case that the managers and employees of firms in this decade can look forward to more of the same every year. The pace of change is so rapid and the degree of obsolescence of organisations to resist change is so brutal that the only way out for many firms is to change or perish. In this context, it becomes critical that organisations develop the capabilities to adapt and steer change to their advantage.

The role of senior managers becomes crucial in driving change and ensuring that firms are well-placed concerning their competitors. However, in many organisations, senior managers actively resist change and thwart change initiatives due to a variety of reasons. It goes without saying that

“he who rejects change is the architect of decay and the only human institution that rejects progress is the cemetery.” With this axiom in mind, it is critical to understand that unless change is actively embraced, organisations in the 21st century risk obsolescence.

To resist change is as basic as human nature and hence the change managers must adopt an inclusive approach that considers the personality clashes and the ego tussles. It is often the case that in large organisations, there tend to be power centres. Therefore, organisational change must address the group dynamics as well as the individual behavioural characteristics.

Only by an understanding of how managers can be brought on board can there be a foundation for suitable approaches. The approaches include a combination of pressure tactics and coordination instead of competition and co-option as well as cooperation. Change agents must realise that wherever possible, they must deal with consensual decision making and if that is not possible, they must walk the talk and be firm in their approach. Managers at all levels tend to resist change and in the high-stakes game of change management, it is the ones who can articulate and communicate the change clearly and coherently who succeed.

In conclusion, change is the only constant in business. It is observed that some organisations in this 21st century are yet to come to terms with the realities of change. However, managers keep developing new strategies in production, processes, procedures and methods to reduce the effects of change on their organisations.

5.12.1 Role of HR in Change Management

Before we launch into the specifics of how HR can facilitate change, it needs to be remembered that change management is first and foremost about people and their capacity to adapt to change. Since, the HR department is all about recruiting, training and monitoring employee performance, it has a key role to play in any change management programme. There are different roles which HR can play in change.

The HR department has to ensure that employees are motivated to undertake the change and participate in the change management programme. For this to happen, they need to recruit the right people who can think out of the box and bring a fresh perspective to the table.

Companies today look for people who can think non-linearly and in unconventional ways. This principle is ever so true now with the recession and the need to do business differently. Once the right people are recruited, they need to be encouraged and mentored so that they act as “change agents.” This is the key element of a successful change management strategy, and this is where the HR department has a stellar role to play. Many companies have a separate role for a “People Manager” wherein he or she has the responsibility of mentoring and nurturing talent.

The point here is that the HR department must be encouraged to look for people who can act as catalysts for change and who can motivate other employees to participate in the change initiative. Since the HR department is staffed by people who are trained in organisational and personal behaviour, enlisting their help in driving change is a crucial element in the overall change management strategy.

Great companies have great leaders and great leaders are “enabled” and “energised” by highly supportive environments that nurture and reward talent. The last aspect of reward and recognition is the final element in a successful change management plan and if the employees who enthusiastically participate in change initiatives are suitably rewarded and adequately recognised, there is an added incentive for them to further the change initiative.

In conclusion, HR needs to be seen as much more than a supporting function and instead, must be viewed as integral to the organisation’s change management strategy. Companies that are highly successful at change management do so because their personnel policies are employee-friendly and are geared towards getting the best out of their employees.

When organisational change takes place, it implies altering, varying or modifying certain processes, procedures or methods in an organisation. Some organisations change mainly in response to external circumstances (reactive change); others change principally because they have decided to change (proactive change). However, change in one part of an organisation invariably affects people and processes in other parts.

Organisational change can influence and be influenced by several important features of organisational life. These include organisational mission and strategy, its structure, products and processes, its people and culture and the nature of the technology employed. These features of the organisation are themselves affected by the nature of the external environment.

When we think of organisational change, we think of significant changes aimed at making the organisation more effective like in the case of mergers, acquisitions, buyouts, restructuring, rightsizing and launch of new products, among others. The primary need for change, therefore, derives from the need for alignment between the organisation's internal and external environments.

Change can be triggered by internal and external factors. External triggers include:

- (i) Change in demand for the organisation's products and services
- (ii) Threat of competitors
- (iii) Arrival of a newcomer with a competing product or service
- (iv) The takeover of the business by a more powerful enterprise
- (v) Political change
- (vi) Development of new technology
- (vii) Mergers of the business with another

Some external triggers are less predictable than others and therefore less open to planned (proactive) change.

On the other hand, internal triggers are more predictable and are open to planned change. These internal triggers include:

- (i) Planned change in strategy
- (ii) Efforts to introduce cultural changes
- (iii) Need to improve productive efficiency/make better use of resources
- (iv) Need to improve the quality of products or services
- (v) Need to deploy people where they are most effective.

5.13 Building the Need for Change

The need for change normally will derive from the evaluation of organisational outputs (products and services), where the organisation operates, what it does (primary activities) and how it performs such activities (work). For instance, people may consider the current way of working to be ineffective or inefficient or may consider that such ways of working will become ineffective or inefficient in the future. The need for change is therefore the pressure for change in the situation.

In some cases, the pressure is high (e.g., a problem of ineffectiveness), and in other cases lower (a problem of inefficiency).

The need for change can be viewed as a 'real need,' demonstrated by data and facts, or a 'perceived need' seen by change participants. The need for change will often be based upon the analysis of internal and external data or the perspectives of the various stakeholders, the concerns of top management staff, senior managers and change leaders in particular.

5.14 Learning as a Precursor to Organisation Change

In past decades, the concept of "Organisational Learning" has acquired increasing importance, due to rapid changes in the business environment and increasing competition. An extensive review of the Literature stresses the fact that the organisations which build their learning capabilities can enjoy a leadership edge in the competition, can remain innovative and significantly improve their top-line as well as bottom-line profitability. In 1990, Senge in his seminal book "The Fifth Discipline" provided an elaborate coverage of the core disciplines which contribute towards building a learning organisation and this includes shared vision, learning of teams, systemic approach, personal mastery and mental models.

Organisational Learning can be interpreted in terms of a continuum from progress from the stage of no learning to the complete learning stage. No learning stage is characterised by rigidities, insensitive approaches or closed attitudes towards the sharing of realities and experiences, while on the other hand, a full learning stage characterises openness, flexibility and adaptability towards changing events or experiences.

5. 14.1 Elements of Organisational Learning

- i. Organisational Learning is an ongoing process which produces everlasting changes in several areas as a result of integrated initiatives.
- ii. Organisational Learning involves three main subsystems: The first is the acquisition of new inputs and its analysis. The new inputs may include any change within the organisation, changes in the organisational structure or technology. This stage is characterised by innovations in the organisation.

- iii. The second subsystem involves the retention of the newly acquired input. Successful retention would largely depend on how effectively the new input is integrated with the existing processes. This subsystem can be regarded as the implementation stage of Organisational Learning.
- iv. The third subsystem involves stabilisation and usage of the newly acquired inputs in the day-to-day processes of the organisation.
- v. Organisational Learning results in improving the capabilities of an organisation for further learning on its own.

5.14.2 Mechanism for fostering Organisational Learning

This can be analysed in five different categories

- (1) **Organisational Flexibility and Experimentation:** Flexible organisations have improved capabilities in addressing problems or issues by identifying newer alternatives or various possible solutions. Organisations which remain open for experimentation and trying out newer methodologies enjoy an edge in the competitive battle and are more profitable. For promoting organisational flexibility and experimentation, the following mechanisms may be used:
 - a. Invite experienced practitioners or experts who have had success at work by implementing change in the organisation. Ask them to share their experiences with a few selected representatives of the organisation.
 - b. Encourage employees to use their problem-solving abilities to address various issues and apply their creative minds to tackling various problems, even if they may not attain success every time.
 - c. Provide positive reinforcements in the form of rewards to the people who use new approaches for solving a problem and achieving success in it.
 - d. Review performance periodically and hold periodic meetings to share the objectives and experiences, successful initiatives and outcomes of various experiments.
 - e. Organise seminars and workshops to raise awareness of the new changes and successful initiatives.

- (2) **Teamwork and Mutuality:** Teamwork and mutuality are among the major pre-requisites for promoting organisational learning. The following mechanisms may result in establishing an environment of collaboration, mutuality and team support:
- a. Sharing of experiences, new ideas and innovative approaches both within the organisations as well as with other organisations.
 - b. Create task forces for realizing critical goals, implementing new projects, reviewing the project's success and communicating a shared vision to the employees of the organisation.
 - c. Review the progress of new initiatives or projects by holding periodic meetings headed by top or senior management officials. Top management can play a crucial role in integrating objectives, building internal synergies and fostering a collaborative environment for implementing change successfully.
- (3) **Contingency and Incremental Planning:** A contingency approach to planning or incremental planning fosters organisational learning. Contingency planning improves organisational preparedness in identifying alternative solutions for addressing problems of varying natures. The following mechanisms can lead to contingency planning:
- a. Detailed plans reflecting the contingent approach can be prepared. Time-bound goals can be defined but should equally include the best possible alternatives.
 - b. Learning gets reinforced if new initiatives are integrated with the existing processes or practices.
 - c. Record the learning derived from new experiences and continuously review performance and improvements which take place as a result of effective planning.
 - d. Create task forces and encourage groups to identify alternative approaches and solutions for implementing a change.
- (4) **Competence Building:** Organisational Learning requires strengthening of desired competencies, which can be done in the following ways:
- a. By inviting experts or practitioners to share their experiences or best practices and encouraging people to endorse change.
 - b. Organising seminar programmes and presenting employees for participation in external training aimed at acquiring new skills or competencies.

- c. Creating task forces for communicating shared goals to the people involved in the change process, and implementing pilot projects for achieving pre-defined change objectives in several areas within the context of the plans of the top management.
- (5) **Establishing Temporary System:** Temporary systems in the form of task forces or groups or pilot project groups are formed to achieve quick outcomes/decisions involving various aspects of change. The advantages of the temporary system are as follows:
- a. Diverse viewpoints or decisions can be obtained from the members representing cross-functional, interdepartmental and inter-regional backgrounds.
 - b. Time-bound objectives can be fulfilled as a result of which the tasks can be completed faster.
 - c. Facilitates an objective-oriented approach to addressing the problems of diverse nature.
 - d. Encourages risk orientation and independent outlook for solving complicated issues.
 - e. Provides a flexible framework which can be created or dissolved as per the changing requirements.

5.15 Conclusion

Leadership is more than an aspect of personality, opportunity or appointment. It is intimately connected with actual behaviour and attitudes toward oneself and others. Whilst leadership may involve empowering others and sharing the leadership burden in many respects, it nevertheless cannot abdicate its final responsibility for group results. A leader must ultimately accept personal responsibility for success or failure. Therefore, the success or failure of leadership can be attributed to a combination of factors. However, the key issue is that a good leader should possess the ability, personality traits and attitudes to persuade others to willingly work tirelessly to achieve specific goals.

Types of leadership include, charismatic, traditional, situational, appointed and functional. Leadership styles include autocratic, democratic and free rein.

Motivation is often used to describe certain sorts of behaviour. To motivate means to persuade or encourage people to work and meet set goals and objectives. Since managers must get work done

through others, they need to understand why people do things, that is, what motivates them, so that they can be properly influenced to work towards the goals of the organisation.

The constant thing about life is change. The change affects society, organisations and even individuals. Organisational change concerns the alteration of organisational components (for instance, mission, strategy, goals, structures, processes, systems, technology and people), to improve the effectiveness or efficiency of the organisation. Change may take place in any part and at any level of the organisation. The primary need for change derives from the need for alignment between the organisation's internal and external environments.

5.16 Practice Questions

- (1) Define and explain in detail the concept of leadership.
- (2) Identify the types of leaders and explain the leadership styles that exist in organisations.
- (3) Present and discuss in detail two leadership theories.
- (4) Distinguish between leadership and management.
- (5) What are the characteristics and ingredients of leadership?
- (6) Explain in detail the purpose of leadership.
- (7) Explain the concept of motivation.
- (8) Provide a detail discussion of motivation theories.
- (9) Define and explain in detail the concept of organisational change.
- (10) List and explain five major reasons for organisational change.

Multiple Choice Questions

- (1) Leadership includes the following except
 - (a) The ability of an executive to direct the behaviour and work of others towards the accomplishment of set goals in a given situation.
 - (b) The ability of an executive to guide the behaviour and work of others towards the accomplishment of set goals in a given situation
 - (c) The ability of an executive to force union members to accept decisions of management towards the accomplishment of set goals in a given situation
 - (d) The ability of an executive to influence the behaviour and work of others towards the accomplishment of set goals in a given situation
- (2) Theory X and theory Y were developed by
 - (a) Abraham Maslow
 - (b) Douglas McGregor
 - (c) Fredrick Herzberg
 - (d) John Dunlop
- (3) The Hygiene Theory was developed by
 - (a) Chester Bernard
 - (b) Fredrick Herzberg
 - (c) Elton Mayo

- (d) None of the above
- (4) Internal triggers of change include the following except
 - (a) Planned change in strategy
 - (b) Efforts to introduce cultural changes
 - (c) Need to improve productive efficiency/make better use of resources
 - (d) Planned introduction of levies on workers by management
- (5) External triggers of change are the following except
 - (a) Change in demand for the organisation's products and services
 - (b) Threat of competitors
 - (c) Introduction of uniform prices of goods and services
 - (d) Arrival of a newcomer with a competing product or service
- (6) Abraham Maslow's hierarchy of needs can be presented as
 - (a) Physiological-safety-love-esteem-self-actualisation needs
 - (b) Safety-love-physiological-self-actualisation-esteem needs
 - (c) Love-physiological-affectionate-esteem-self-actualisation needs
 - (d) All of the above
- (7) The following are motivators or satisfiers in Hygiene Theory except
 - (a) Achievement
 - (b) Autocratic supervision
 - (c) Recognition
 - (d) Work itself
- (8) Motivation is the
 - (a) A force that energizes behaviour
 - (b) A force that gives direction to behaviour
 - (c) Tendency that ensures the behaviour persists
 - (d) All of the above
- (9) The purposes of leadership are the following except
 - (a) Initiating action
 - (b) Motivating employees
 - (c) Coercing employees to accept low remuneration
 - (d) Providing guidance

- (10) Highly motivated employees are likely to exhibit the following except
- (a) Passion for their jobs
 - (b) Poor interpersonal relationship
 - (c) Improved productivity
 - (d) Job satisfaction

Case Study

Meads Nig Plc

Meads Nig Plc has had a spate of labour unrest, especially in the last few years. Management was of the opinion that the Administrative Manager (a retired police officer) was responsible for the poisoned atmosphere in view of his “high-handed” approach to dealing with human problems. Consequently, his appointment was terminated and Mr. Brain, a bright young man with extensive experience in a comparable organisation was appointed and re-designated as Human Resource Manager.

Mr. Brain was anxious not to fail because Management expected a “miracle” from him. The first thing he did was to find out the cause(s) of industrial unrest in Meads Nig Plc. He studied the records in the last 5 years and found a close relationship between the unrest and the period of economic difficulties which Meads Nig Plc had been facing. He interviewed colleagues, workers and union officials and discovered that it was not the economic difficulties that caused the unrest, rather, they had to do with their effects on what those interviewed called “our rights as enshrined in the Employee Handbook”

After a close study of the handbook, Mr. Brain was amazed that Meads Nig Plc had so tied its hands as to be unable to react to changing circumstances. For instance, he felt strongly that the following policies should not be written down in the Employee Handbook:

- (1) The factory shall close every year from mid-December to early January
- (2) The company shall provide a salary payment roster each year, indicating the exact dates on which salaries shall be paid

Mr. Brain also felt that some provisions were too loose and ambiguous. For instance, ‘employees could be placed on suspension when serious misconduct is under investigation or otherwise suspended without pay, as a disciplinary measure.

He made a list of the loopholes in the Employee Handbook and prepared a report which was well-received by Management. He was given the mandate to draft a New Employee Handbook for consideration and approval. Mr. Brain invited the branch union executive to brief them on the

expected changes in the handbook. A few hours after the meeting, the union issued a strongly worded protest to Management to “drop your satanic plans or face the consequences”

Questions

- (1) Critically assess the steps taken by the Human Resource Manager.
- (2) If you were the Human Resource Manager, how would you introduce the proposed changes with minimum resistance from the union?

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CHAPTER SIX

NATURE OF EMPLOYMENT RELATIONS

6.1 Learning Objectives:

At the end of this chapter, students should be able to;

- i. Define and explain the meaning of the employment relationship
- ii. Define and explain the concept of trade unions
- iii. List and explain the objectives of trade unions
- iv. List and discuss the functions of trade unions
- v. Define and explain the concept of employers' associations and their objectives.
- vi. Discuss the role of the State in industrial relations

6.2 Introduction

Employment relationship as it is understood today was a comparatively novel phenomenon in most industrialised and industrializing countries, as recently as the late 19th and early 20th centuries.

Historically, managers sought to evade responsibilities for the control and direction of labour by using intermediaries, such as labour brokers and subcontractors. It was recorded that early capitalist industrialisation was based on the avoidance of direct employer/employee relationships and the reliance on existing patterns of subordination.

An employment relationship is one of the great innovations behind the rise of modern business enterprises. It revolutionised the organisation of work by providing managers and workers with a very flexible method of coordination and a basis for investing in skills.

6.3 Definitions

Employment relationship deals with the individual and collective dimensions of labour, including the buying and selling of labour power. Employment relationship therefore is not limited to the institutions of trade unions, employers' associations, government agencies or even the process of collective bargaining. Rather, it is the totality of the relationship between all parties involved in

the production of goods and services and indeed, how industrial harmony can be continually sustained in the productive system.

An employment relationship is a discipline concerned with the systematic study of all aspects of employment relationships. It is the relationship in which the employee sells his or her capacity to work in exchange for a wage, salary and other benefits, as well as the employer hiring employees so that they can produce goods or services that can be sold at a profit or in the case of the public sector and non-governmental organisations, it focuses on how employees can be productive members of the workforce (Collings and Wood, 2009).

Marsden (1999) defined employment relationship as “the set of conditions determining the exchange, use and reproduction of labour force”. It is therefore the product of economic, social, political, legal and technological development, as well as how the various actors interpret and respond to these developments.

In other words, in seeking to understand employment relationships, it is not sufficient to consider the relationship between the employer and employee alone. It is necessary to consider the potential for disagreement between them and take account of the broader context of their relationships.

Employment relationship lies at the heart of modern economic and social life. It embodies many dimensions like commercial exchange and promises, power and subordination, cooperation and confrontation, authority and assumptions of equity in treatment. The great corporate challenge of the age is harnessing the creativity and the productive power of people. Employment relationship is therefore a significant strategy that can be employed to achieve it and surmount the challenge.

An employment relationship is a legal notion widely used in countries around the world to refer to the relationship between a person called an “employee” (frequently referred to as “a worker”) and an “employer” for whom the “employee” performs work under certain conditions in return for remuneration. It is through employment relationships that reciprocal rights and obligations are created between the employee and the employer. It has been, and continues to be, the main vehicle through which workers gain access to the rights and benefits associated with employment in the areas of labour law and social security. It is the key point of reference for determining the nature and extent of employers’ rights and obligations toward their workers.

6.4 Parties in Employment Relations

6.4.1 Trade Unions

Historically, the emergence of trade unions was largely due to the change in the mode of production and the change in the social relations of production. These changes occurred as a result of the Industrial Revolution. Labour, as a factor of production became heterogeneous and active. Upon this, wage labour emerged, but it was discovered that the individual workers were not fairly treated as to the input they contributed to the production processes (Akinbode and Ebeloku, 2015; Fajana, 2008; Fashoyin, 2013).

In specific terms, the inability of the individual workers to challenge the “almighty” employer in redistributing wealth from the production process in a fair and commensurate manner, propelled the workers as a collective with the same consciousness to come together, to form what is known today as trade unions.

Industrial relations scholars, practitioners and historians have attempted in various ways to define trade unions. However, such definitions were derived from the historical background of trade unions as put together by Sydney and Beatrice Webb. These scholars gave the first account of trade unions, including a working definition. It is important to say that the trade union laws of many nations also presented many definitions of trade unions.

The Trade Unions Act of Nigeria defines a trade union as:

“...any combination of workers or employers, whether temporary or permanent, the purpose of which is to regulate the terms and conditions of employment of workers whether the combination in question would or would not apart from this Act be an unlawful combination because of any of its purposes being in restraint of trade and whether its purposes do or do not include the provision of benefits for its members”.

An original definition of the above was given by Sydney and Beatrice Webb in their book *A History of Trade Unionism* (1896). They defined trade unions as “a continuous association of wage earners to maintain or improve the conditions of their working lives”. This classical definition of trade union remains true in substance since it is the status of a person’s work as an employee that determines his or her potential eligibility for trade union membership.

To this end, Fajana (2008) defines a trade union as “an association of wage and salary earners formed with the objective of safeguarding and improving the wage and employment conditions of its members and to raise members’ social status and standard of living in the community”

This definition emphasises the sale and purchase of labour power as a factor of production. The emphasis on the terms and conditions of service is perhaps the singular factor that distinguishes trade unions from social clubs.

6.4.1.1 Objectives of Trade Unions

Characteristically, trade unions, wherever they are found have the following objectives:

- (i) To secure and enhance the general living conditions of workers and the economic well-being of their members.
- (ii) To guarantee individual and collective job security against all possible threats occasioned by market fluctuation, technological changes or organisational policies.
- (iii) To influence policies reached by the government on issues pertaining to the workers, through their relationship with politicians and the elites in society.
- (iv) To relate with labour unions at the local and international level.
- (v) To continually guarantee freedom of association and the recognition of trade union rights for all unionised workers.

With the objectives above and the prevailing global economic situation, particularly in Nigeria, it is debatable whether trade unions are still able to achieve all the objectives.

6.4.1.2 Types of Trade Union

Basically, there are four types of trade unions. These are:

- (i) **The craft union-** This consists of highly skilled workers, who are engaged in making practical/beautiful objects by hand. Such unions are historically the oldest, dating back to the ‘model unionism’ of the 19th century. They include carpenters, blacksmiths, leather workers, welders and people with vocational skills, which were acquired through apprenticeship.

- (ii) **Company/enterprise union-** This type operates based on one company/enterprise, irrespective of the job they perform. Examples in Nigeria (before the advent of industrial unionism) are Nigerian Textiles Mills, Nigeria Nigerian Breweries, and Peugeot Automobile Nigeria.
- (iii) **Industrial union-** This type organises all categories of workers in a particular industry. In this case, the nature of work and the skill of such work is not a pre-requisite for membership in the union.
- (iv) **General union-** This type brings together all categories of workers across a wide range of industries. It is usually open to workers irrespective of industry, grade or geographical region.
- (v) **Professional associations-** These are made up of workers in a given profession who must have gone through a rigorous learning process. (e.g., Nigeria Medical Association (NMA)).

6.4.1.3 Features of Trade Unions

The following features are listed for trade unions:

- (i) The presence of wage employment
- (ii) Wage/salary earners depend solely on their income to survive
- (iii) Emergence and presence of widespread complaints and grievance
- (iv) They influence and affect industrial actions.
- (v) Unions serve the purpose of “checks and balances” on employers.

6.4.1.4 Restriction to Trade Unionism

In Nigeria, the Trade Unions Act restricts workers employed in the following institutions/organisations from joining any trade union.

- (i) The Nigerian Army, Navy and Air Force (Armed Forces)
- (ii) The Nigeria Police Force
- (iii) Para-military Services (Immigration Services, Prison Services, Customs Services, NDLEA)
- (iv) The Nigerian Security, Printing and Minting Company Limited
- (v) Central Bank of Nigeria

6.4.1.5 Functions of Trade Unions

There are six major functions of trade unions. These are:

- (i) Economic function- This function covers all activities aimed at securing the best possible conditions of service for union members as well as enhancing their well-being. This includes improvement in their physical conditions of work, job security and a fair wage.
- (ii) Educational function- This borders on the support of the unions for their members' education, particularly through the tertiary system. On many occasions, unions have sponsored members to local and international conferences, as well as workshops, symposia, seminars and study programmes of various durations. All these are to empower their members with the knowledge and skills required for contemporary trade unionism.
- (iii) Social function- Trade unions support members in coming together to exchange ideas that can impact positively on their working conditions. It is a known fact that industrial problems are sometimes resolved during social interactions among members and non-members.
- (iv) Welfare function- Unions support members by providing financial support to their members in need. This function is sustained through the creation of workers' funds. Aside from that, some unions float various types of cooperative societies aimed at enhancing the purchasing power of members.
- (v) Psychological function- Through this, the union strengthens members, by protecting them from all forms of victimisation and arbitrary treatment by employers.
- (vi) Political function- Trade unions are formidable pressure groups in any nation, do lend their voices to political issues and policies that can impact positively on members' well-being. They lobby and persuade government authorities, legislators and policy makers to create a just society, not only for the benefit of their members but also for the populace.

6.4.1.6 Central Labour Organisation

In Nigeria, there are two primary labour organisations namely.

- (i) Nigeria Labour Congress (NLC)
- (ii) Trade Union Congress (TUC)

The major distinction between the two labour organisations above is that NLC is mainly the umbrella body of junior-grade employees/staff, while TUC is the umbrella body of senior-grade employees/staff. With the Trade Unions (Amendment) Act (2005) there is no longer the rigidity in affiliation and membership of trade unions, as the Act allows for voluntary membership of any trade union. Similar organisations exist in other countries bearing various names.

6.4.2 Employers' Associations

Employers and their associations are now of prime interest in industrial relations. This is because employers are among the three major actors in the industrial relations system. They contribute immensely to the sustenance of industrial harmony in any nation.

Fajana (2000) defines an employer as “that person or persons who have contributed their properties in a business venture, with the intentions of making some profits in return”. He captured the employers in the modern-day industrial society to be different from what they were before, because of the increasing size and complexity of organisations. To that extent, employers today are represented by the management, who are saddled with the responsibility of the day-to-day running of organisations.

In its simplest terms, employers' associations consist of employers of labour which is a voluntary bureaucratic institution that believes in hierarchy and gives more emphasis to specialisation and division of labour to attain its goals and objectives. Such institutions plan, coordinate and control their activities through a system of graded authority and utilise the direct system of communication.

Information on employers' associations is not as clear and detailed as that of trade unions. However, Poole (1986) attributed the delay in the emergence of employers' associations to three significant forces namely:

- (i) Rise of professional managers in the advanced sectors of the economies
- (ii) The infrastructure consequences of dualism between the large enterprises and the very small ones, coupled with the multinational links of many companies
- (iii) In terms of power in the larger society, the lack of a strong indigenous entrepreneurial class provides a secured basis for forcefully articulated employers.

In Nigeria, there is evidence that employers' associations existed as far back as 1897, with the formation of the Lagos Chamber of Commerce and Industries, which existed more to promote trade and the commercial interest of its members.

6.4.2.1 Objectives of Employers' Association

The following are the objectives of an employer's association:

- (i) Safeguarding the interests of the association and its members.
- (ii) Designing and formulating policies relating to wages and salary administration.
- (iii) Cooperating with government to solve industrial relations issues
- (iv) Securing the mutual support and cooperation of employers on issues of common concern.
- (v) Procuring through joint consultation, negotiation, arbitration or other agreed procedure, the equitable settlement of differences between members and employers or between one member and another.
- (vi) Exchanging and collating information concerning terms, conditions and rates of remuneration of employees in the industry
- (vii) Encourage healthy and safe working conditions.
- (viii) Promote all forms of training that would be beneficial to members.
- (ix) Consult or cooperate with other associations or similar bodies as regards matters of mutual interest
- (x) Obtain affiliation with other associations whose interests are similar.

6.4.2.2 Functions of Employers' Association

Employers' associations deal mainly with industrial relations matters. That is negotiating labour matters on behalf of their members. Some equally discuss production, commercial and social matters.

However, apart from the functions stated above, there are other primary and secondary functions of employers' associations namely:

- (i) Serving the interest of members by regulating the labour market
- (ii) Protecting employers against excessive demands from powerful trade unions.
- (iii) Engaging in multi-employer collective bargaining.

- (iv) Providing management assistance to member companies

6.5 The State and its Agencies

The State is the third party in the industrial relations system. In pre-industrial societies, the State was a branch of the economic system. But as a distinct industrial class emerged, the State's role shifted to legal regulation of hours and conditions of work. As a result of this, governments assumed overall responsibility for the economy and the role of the state subsequently expanded to include co-ordination of the activities of employers and employees.

Defining the State may not come too easy. However, the State can be described as the totality of all its institutions or agencies. The following have been recognised as components of the State:

- (i) Legislature (parliament or its equivalent)
- (ii) The Executive (government ministers)
- (iii) Central administration (the civil service-bureaucrats)
- (iv) The Judiciary, the Police and Army, local and state governments
- (v) Specialised agencies like industrial tribunals, wages, salary and productivity boards, conciliation, arbitration and industrial courts.

The intervention or actions of members of the State in industrial relations depend on the areas where control is required, the policy outcomes and the levels of action. In turn, all these are governed by the orientations of each member or agency of the State. However, the areas of control are employment, work and distribution of economic rewards. In the employment area of control, macro-economic employment policies, job protection and job creation are the policy outcomes. As regards the distribution of economic rewards, the extent of income redistribution through tax and spending, and equalisation of market situations are some of the policy areas of the State.

The levels of state action can be itemised in three (3) ways as shown below.

- (i) The micro or global level of key institutions, where macro-economic and social policies are formulated.
- (ii) The level of industrial relations system where, for example, labour and employment standards and laws are prescribed

- (iii) At the level of the workplace, the focus is on the regulation of employees' rights and/or protection.

On the composition of the State and its apparatuses, the modern state has as its core the government. Its other arms are the main civil service, legislature, local government, judiciary, public utilities or parastatal law enforcement agencies and the armed forces. The group of people who make up the government carry out the functions called 'governance' and the government consequently has the constitutional responsibility to pass laws to regulate the conduct of citizens and institutions in the country.

As mentioned earlier, the State is the third party in the industrial relations system. However, it is important to state here that, in a country like Nigeria, the State performs two key roles. The State is a major employer of labour and a regulatory body. It is therefore concluded that, in fulfilling the role of a regulatory body, the State is involved in the following areas:

- (i) Employment and manpower development
- (ii) Union government and administration
- (iii) Wages and salaries
- (iv) Collective bargaining
- (v) Industrial conflict

In the government's involvement in industrial relations, the area of union government and administration is very critical and subject to debate by many industrial relations scholars and practitioners. This is because many governments target the capacity of unions to organise, by trying to influence who can be members, who can stand for elections and how often union elections can be held. These are complemented by verbal and media attacks on union officials, freezing some bank accounts and undermining the legitimacy of union executives, especially in periods of conflict.

In some countries, the Registrar of Trade Unions contributes his part by withdrawing official recognition by de-registration, recognizing an unpopular faction of a union, denying some unions permission to amalgamate or federate, extending recognition to only one central labour organisation, insisting on a voluntary check-off system, balloting before strikes are embarked upon and refusing to accept some union accounts when submitted.

The State is also heavily involved in regulating collective bargaining. The State as an employer attempts to determine public sector terms through various mechanisms, depending on whether such public sector employees enjoy the legal right to organise or not. Where they do not (e.g., essential services) terms of employment may be determined through the establishment and functioning of wages and salaries commissions or committees or wage boards.

In the area of industrial conflict, many governments claim the maintenance of 'peace and order' as their main function and are particularly upset over industrial conflicts that disrupt the production of goods and services. Quite often, they use police and soldiers to break strikes, either physically or by detaining union officials and strikers, as well as resorting to physical harassment and intimidation of union officials and strikers.

Again, the government mediates between employers, workers and their organisations through the use of mediation, conciliation and arbitration services, which are offered by some organs of the state- quite often the Ministry of Labour and Employment or some bodies enjoying a measure of institutional autonomy. However, because the government has greater influence over some of these bodies, the government sometimes ignores their rulings or decisions.

6.6 Conclusion

The industrial relations system is a sub-system of the economic institution, made up of interacting social partners, namely the Employers, Employees and the State. The State is referred to as the third party in the system as well as the regulatory body. It is expected that these social actors will continually interact in an atmosphere of peace so that goods and services are produced to satisfy the needs of the people in society. Employment relationship therefore is the relationship that the Employers and the Employees who are the key principal actors in the productive system enter into in the course of production. The State becomes the regulatory body or an umpire to moderate and control the excesses that may arise between the other two parties. Equally, as a way to check the powers of either party, trade unions or employers' associations are formed.

6.7 Practice Questions

- (1) Trace the history of trade unions from the industrial revolution period
- (2) What is an employment relationship?
- (3) Define and explain the concept trade union
- (4) What are the objectives and functions of trade unions
- (5) What is an employers' association? What are the objectives and functions of employers' associations?

Multiple Choice Questions

- (1) Types of trade unions are
 - (a) Crafts and Industrial unions
 - (b) Craft and locomotive unions
 - (c) Craft and education unions
 - (d) All of the above
- (2) COLA represents
 - (a) Coca Cola
 - (b) Kolanut
 - (c) Cost of living allowance
 - (d) None of the above
- (3) The two central labour unions in Nigeria are
 - (a) NLC and ASUU
 - (b) NLC and NUT
 - (c) TUC and NLC
 - (d) NLC and NASU
- (4) The Motto of NLC is
 - (a) Government creates wealth
 - (b) Labour creates wealth
 - (c) Management creates wealth
 - (d) All of the above
- (5) Employers are united under
 - (a) Manufacturers Association

- (b) Employers' Association
 - (c) Management Association
 - (d) Directors' Association
- (6) In industrial relations, the government is referred to as the
- (a) Owners of the means of production
 - (b) Third-party
 - (c) Employer of labour
 - (d) None of the above
- (7) The principal actors in industrial relations are
- (a) Employees/Employers/State
 - (b) ASUU/NUT/NASU
 - (c) A and B
 - (d) None of the above
- (8) The following are the objectives of an employer's association except
- (a) Safeguarding the interests of the association and its members
 - (b) Designing and formulating policies relating to wages and salary administration
 - (c) Buying raw materials in bulk to sell to members
 - (d) Cooperating with government to solve industrial relations issues
- (9) The following are restricted from joining any trade unions in Nigeria except
- (a) Members of the armed force
 - (b) Officers and men of the Customs Services
 - (c) Academic staff of Nigerian Universities
 - (d) Officers and Men of the Nigerian Police Force
- (10) The State in industrial relations comprises
- (a) Legislature, Executive and Judiciary
 - (b) Central administration (the civil service-bureaucrats) and NLC
 - (c) Judiciary and Teachers
 - (d) All of the above

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CHAPTER SEVEN

LEARNING AND DEVELOPMENT

7.1 Learning Objectives

In this chapter, students will be able to;

- i. Define learning and development.
- ii. Distinguish between learning and development.
- iii. Discuss the functions of learning and development.
- iv. Explain learning and development methods.

7.2 Introduction

Organisational survival depends on many factors, key among these factors are the human capital and their inputs in the production of goods and services. The required knowledge, skills, attitudes, capabilities and competences by employees needed to achieve the objectives of a business, particularly in this present dynamic business environment are obtained through learning and development.

No matter the quality of the recruitment and selection processes, employees need to be trained regularly on how to do the job for which they are hired.

Learning and development strategies and practices aim to ensure that people in organisations acquire and develop the knowledge, skills and competences they need to carry out their work efficiently and advance their careers to their benefit and that of the organisation.

7.3 Definitions and Concepts of Learning and Development

The term ‘learning and development’ has largely replaced that of ‘human resource development’ (HRD). The terms are sometimes used interchangeably, although the introduction of ‘learning’ has emphasised the belief that what matters for individuals is that they are allowed to learn, often for themselves, but with guidance and support, rather than just being on the receiving end of training administered by the organisation.

Learning is a way of accruing value in employees that involves evaluating staff for potential and then developing these potentials. It is a systematic process to enhance an employee's skills, knowledge and competency on the job, resulting in better performance on the job.

Specifically, learning refers to teaching operational or technical employees, how to do the job for which they are hired. Learning is a complex process of acquiring knowledge, understanding, skills and values to be able to adapt to the work system. It is the process whereby an individual acquires the required skills and knowledge relevant to his/her job that will make them perform on the job. Most learning programmes are directed at employees in junior cadres in organisations and are relevant to routine work.

Fajana (2010) defined learning as "the process that involves developing skills and learning concepts, rules and attitudes to increase effectiveness on a particular job". Employees' skills and knowledge are enhanced through learning to perform specific jobs, prescribed to them. In other words, learning helps employees gain more knowledge, skills and competences to perform their jobs efficiently and effectively, to increase organisational performance.

Development on the other hand refers to the knowledge, skills and competences managers, senior staff and professionals in an organisation acquire on the job, which are required for the performance of their jobs, both at present and in the future. Development is the learning activities which are directed toward future needs and are concerned more with the career growth of individuals at work. It is directed at enhancing the knowledge, skills, attitudes, and competencies of senior and managerial cadre employees in terms of improving their analytical, decision-making, problem-solving, leadership, communication and administrative skills. It is less job-oriented, but career-oriented and concerned more with employee potential.

Development is designed, conducted and evaluated based on the objectives of the organisation, with the full support of top management. Development must aim at challenging the growth and self-development of employees and focus on performance and tomorrow's work requirements, rather than those of today. It focuses on improving managerial effectiveness and efficiency, through a planned and deliberate learning process. It is a continuous improvement of employee effectiveness within the management function of an organisation.

7.4 Functions of Learning and Development

The following are identified as the functions of learning and development:

- (i) They enhance employees' performance on the job towards increased productivity.
- (ii) New and effective methods of doing things in an organisation are learnt, especially in this age of technological revolution.
- (iii) They assist in matching employees' abilities with the jobs.
- (iv) Learning and development ensure that at all times employees whether managerial staff or other categories of staff are equipped with the required skills, attitudes, knowledge and capabilities to deliver on the job.
- (v) They develop employees' capacity for creativity and innovation.
- (vi) They enhance employees' job satisfaction.
- (vii) Reduce workers' supervision.

7.5 Learning and Development Process

Through effective learning and development, employees' work is enhanced, which invariably leads to organisational performance. The process of learning and development is explained below:

Step 1: Assessment of learning and development needs—managers in various units/departments/divisions must assess what are the firm's needs for learning and development, the categories of employees that should be trained, those for retraining and what they need to be trained on. These needs are determined through many factors, among which are training needs in response to competitors' activities, necessitated by improvements in product qualities and service delivery, customer satisfaction, and business process improvement to mention but a few. Equally, they are derived from employees' training needs, generated from the appraisal forms.

Step 2: The objectives that the learning and development intend to achieve are expected to be clearly stated. This will enable the trainees and the trainers to have a clear understanding of the aims of the organisation in putting the programmes together.

Step 3: Development of training programmes. When learning and development programmes have been agreed upon by the organisation or employees nominated for off-the-job training, it is expected that the contents of the programmes are in line with the objectives for which the

programmes are developed. The methods to be adopted should also be capable of achieving the objectives.

Step 4: Conducting training is a very critical stage in the learning and development process. At this stage, necessary arrangements are made early, training materials are provided, and participants and facilitators are informed. The delivery should be interactive enough to guarantee the participant's understanding.

Step 5: Assessment of Training Programme. Participants in the programmes are allowed to assess the contents of the programme and delivery, to determine whether or not the contents and delivery meet the objectives of the training and will impact positively on their jobs. Questionnaires are developed for this purpose by the facilitators, the human resource department or both.

Step 6: Evaluation of training. The importance of learning and development programmes is to have a positive impact on the bottom line. Typically, evaluation approaches include measuring one or more relevant criteria like employees' attitude and performance concerning their jobs, before and after the programmes, to determine if there are positive changes and how these changes have impacted organisational performance.

7.6 Learning and Development Methods

There are many learning and development methods available to organisations. These methods can be classified under three major categories:

- (i) On-the-job training.
- (ii) Off-the-job training.
- (iii) Simulation methods.

(A) **On-the-job Training Methods:** This includes the following:

- (i) **Job Rotation:** This method is common in training management trainees. It involves the movement of the employees from one unit or department to another, where they spend between one to three months in the unit or department, depending on the programme(s) developed by the human resource or knowledge management departments. When the

trainees are exposed to the rudiments of work schedules, activities, processes and tasks in various units or departments, their performances are measured and recorded in terms of how they understand what was taught and can implement them.

- (ii) **Internship:** This is organised for employees and students in the university who studied professional courses like engineering, geology, laboratory technology, etc. The programme prepares them for proper integration into the work system.
- (iii) **Coaching:** This involves the involvement of superior staff in the teaching of subordinates, and in the duties that are or may be assigned to them. The superior staff assist their subordinates in designing their work, guides them on how to execute the work, monitors the execution and gives room for question-and-answer sessions.
- (iv) **Committee Assignment:** This is a situation where trainees or employees are trained by including them in committee assignments, where they learn through their interactions with more knowledgeable superior employees. Through this method, employees are developed on policy issues and how to solve complex managerial issues in future.

(B) Off-the-job Training Methods: The following are classified under off-the-job methods:

- (i) Lectures/talks
- (ii) Classroom instruction
- (iii) Programmed instruction
- (iv) Group discussion
- (v) Case-study analysis
- (vi) Simulation exercises

Programmed instruction—this is a system of teaching and learning within which pre-established subject matter is broken down into small, discrete steps and carefully organised into logical sequences in which it can be learned readily by the learners. In this case, each step builds upon the previous step.

Case-study analysis--- In this method, an account of a real or fictional situation is given and the learners are asked to suggest answers to a number of practical and theoretical issues raised. The method is useful for allowing participants to experience problem-solving in a relevant context.

Simulation Exercises--- These include interactive exercises in which trainees practice their skills in mock situations based on work-related situations.

Job Instructions--- This is a method employed in manual and some clerical jobs, by which trainees systematically acquire routine instruction in key processes from qualified instructors.

Secondments—these are special arrangements allowing an individual to work for another department or organisation on either his or her speciality or in some new role, to extend the experience of the former to the benefit of the host department or organisation,

Specific Projects---A trainee is encouraged or commissioned to conduct a systematic investigation into an issue with a view to understanding and possibly predicting a trend. The trainer evaluates the research report and provides further guidance. It is suitable for developing problem-solving skills in the trainee. However, the project supervisor or instructor must be sufficiently knowledgeable in the subject matter of the training and must be flexible enough to recognise and accommodate the creativity or even errors of the trainees.

7.7 Conclusion

Human resources is the most dynamic of all resources in any organisation. They need considerable attention from the organisation's management if they are to realise their full potential in their work and ensure the achievement of business strategy.

Many organisations aspire to be learning ones, but it takes dedication to achieve this, as it requires commitment from everyone to allow individuals to manage their development and to support the process through coaching, feedback and ongoing performance management.

Given the continuous change in the business environment, unending competition between organisations, and rapid change in technology, production techniques and processes, learning and development are needed to ensure that employees can do their jobs efficiently and effectively. They are therefore critical activities for ensuring the success of any organisation and for giving them a competitive edge.

Understanding employee learning and development requires an understanding of all the changes that take place as a result of learning. It is placed within a broader strategic context of human

resource management, as a planned staff education and development, for individuals and groups, to benefit both the organisation and the employees. To preserve its usefulness and increase competitive advantage, organisations need to be able to create new knowledge, encourage creativity, ensure inventiveness and shape the entire organisational knowledge that provides the organisation with uniqueness and differentiates it from other organisations.

7.8 Practice Questions

- (1) Distinguish between learning/training and development
- (2) What are the different methods of learning/training available to employees in an organisation?
- (3) Clearly discuss the ways through which learning/training and development are evaluated in an organisation
- (4) What are the functions of learning/training and development in an organisation?
- (5) List and discuss the various methods of learning and development

Multiple Choice Questions

- (1) Learning and development enhance the following except
 - (a) Knowledge and skills
 - (b) Attitude and knowledge
 - (c) Attack on management and union friction
 - (d) Ability and competences
- (2) An interactive exercise in which trainees practice their skills in mock situations based on work-related situations is called
 - (a) Case study
 - (b) Off-the-job training
 - (c) Simulation
 - (d) None of the above
- (3) The following are classified under off-the-job training methods except
 - (a) Lectures/talks
 - (b) Classroom instruction
 - (c) Job rotation
 - (d) Programmed instruction
- (4) The following are on-the-job training methods except
 - (a) Group discussion
 - (b) Job rotation
 - (c) Internship
 - (d) Coaching

- (5) Learning focuses on routine jobs, while development focuses on
- (a) Managerial skills
 - (b) Junior staff
 - (c) Union members
 - (d) All of the above
- (6) When employees are trained to improve their analytical skills, the training is for
- (a) Junior staff
 - (b) Senior staff
 - (c) Union executives
 - (d) All of the above
- (7) The following are identified as the functions of learning and development except
- (a) They enhance employees' performance on the job towards increased productivity
 - (b) New and effective methods of doing things in an organisation are learnt, especially in this age of technological revolution
 - (c) They assist in matching employees' abilities with the jobs
 - (d) Knowledge and ability to challenge supervisors
- (8) Development refers to
- (a) The knowledge, skills and competencies managers, senior staff and professionals in an organisation acquire on the job
 - (b) The knowledge and skills junior staff acquire on the job
 - (c) The knowledge and skills contract staff acquire on the job
 - (d) All of the above
- (9) With learning and development, employees' performance
- (a) Improve
 - (b) Deteriorate
 - (c) Remain the same
 - (d) All of the above
- (10) The process that involves developing skills and learning concepts, rules and attitudes to increase effectiveness on a particular job is called
- (a) Development
 - (b) Learning

(c) Human resource planning

(d) None of the above

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CHAPTER EIGHT

WORK-LIFE BALANCE

8.1 Learning Objectives:

At the end of this chapter, students should be able to;

- i. Define and explain the concept of work-life balance
- ii. List and explain the benefits and values of work-life balance
- iii. Discuss the challenges of work-life balance
- iv. Develop a policy document on work-life balance

8.2 Introduction

Many years ago, organisations viewed “work and “life” as independent domains. All employees were expected to place the interests of their organisations over and above their lives. On many occasions, whatever happened to employees outside their offices was solely their business or problem. However, over the years, these attitudes have changed. Organisations and managers today have come to appreciate and accept the impact that work has on the personal life of the employee and vice-versa.

In an era of competitive business, individual perceptions of high work-life balance and a sense of well-being among employees have become imperative for any organisation that seeks to ensure enhanced performance. Given the changing business environment and the value of human resources in organisations, work-life balance has attracted contributions from researchers and human resource practitioners who attempt to investigate the various factors influencing work-life balance.

Thus, in recent times, there is a growing number of organisations that operate on the assumption that personal life and work life are complementary and not competing priorities. Managers in organisations today believe that work-life balance helps employees balance their work lives with their personal lives thus leading to positive outcomes for the employees and the organisation.

However, certain situations in society may compel organisations to adopt a flexible work schedule. This was observed in 2020, during the COVID-19 pandemic, as it affected countries all over the world, compelling organisations to shut down production and some to adopt flexible work schedules. Workers had to work from home, some were allowed to come to work for specific numbers of days during the week and some did not resume until after the pandemic. A new normal of work was created and to some extent, it continues to affect the work system to date.

Work-life balance is therefore a deliberate attempt by organisations to ensure a good mix of employees' personal lives, their societal lives and their organisational lives.

8.3 Definitions and Concepts

Work-life balance is the term used to describe those practices at workplaces that acknowledge and aim to support the needs of employees in achieving a balance between the demands of their families and work lives. "Work" is an instrumental element and a means to support a way of life and at the same time, create optimal conditions for an employee's family and/or himself or herself. "Work" constitutes a socio-psychological element that creates respect and personal challenges.

Therefore, work-life balance is about managing internal pressure from one's expectations and setting realistic goals, which do not subvert family responsibilities. Originally, work was a matter of necessity and survival. Today, work is still a matter of necessity, but it should be a source of personal satisfaction as well (Parsons, 2002; Agarwala, 2007).

The expression "work-life balance" was first used in the United Kingdom in the late 1970s and in the United States of America in 1986, to describe the balance between an individual's work and personal life. It is about people having a measure of control over where, when and how they work. It is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm, for the mutual benefit of the individual, organisation and society.

Work-life balance is defined as the separation of work and private life and the "balance" achieved when there is an equal division between the two (Khallash and Kruse, 2012). To these scholars, to be balanced is to approach each role (work and family), with an approximately equal level of attention, time, involvement and commitment.

8.4 Values and Benefits of Work-life Balance

8.4.1 Value of Work-life Balance

Surely, the scope of work-life balance is wide and increasing, getting the attention of managers in organisations. This is because the values and benefits of work-life balance are now more than before being appreciated by managers of human resources.

Work-life balance is most desirable because it facilitates and creates a suitable balance between the work and life of the employees. In this way, it enhances the well-being and health of the employees. Aside from the above, many managers value work-life balance as it presents a tool in stress management, through which, a reasonable amount of money can be saved by organisations in managing the adverse effects of stressful work on the employees, therefore decreasing the side effects on their health.

8.4.2 Benefits of Work-life Balance

The benefits of work-life balance shall be classified into: benefits to the organisation and benefits to the employees.

8.4.2.1 Benefits to the Organisation

- (1) **Employee's Time Saved:** One of the benefits of work-life balance is the fact that quality time is saved in an organisation where employees would have to leave their workplaces or jobs, to attend to personal troubles like parenting, elderly people care, education etc. Where there is a balance between employees' work and life, employees would certainly have to allocate quality time to such issues before they become unmanageable.
- (2) **Employee Retention:** An unfavourable work-life balance can lead to employee turnover. This may invariably lead to the loss of important organisational knowledge and equally a high cost of training new employees. Therefore, where there is a favourable work-life balance, employee retention is guaranteed.
- (3) **Enhanced organisation Image:** The perception of an outsider about an organisation and the existing employees about his/her organisation goes a long way to determining the image of the organisation. Organisations attract people, and so are these individuals attracted to

the organisations. Therefore, to a large extent, where an organisation has a favourable work-life balance, it becomes a good image booster for the organisation.

- (4) **Increased Motivation and Productivity:** Where there is a favourable work-life balance, employees' comfort is addressed, and stress at work is reduced to the barest minimum. In all, employees are motivated, which may lead to increased productivity.
- (5) **Reduction in Absenteeism:** Where there exist good work-life balance policies, employees' absenteeism is reduced. This is because, employees will utilise the available opportunities to attend to personal issues, rather than taking "French leaves" that can be inimical to production or efficiency of work.

8.4.2.2 Benefits to Employees

- (1) **Reduction in Job Stress:** For the employees, a balanced work-life will reduce job stress and unnecessary anxieties at work. This makes their jobs more interesting and increases their passion for the job.
- (2) **Increased Employee Performance:** Where the totality of the work of an employee is favourable, particularly where there exists a balance between work and family life, employees' performance tends to increase. Such employees increase their dexterity and passion for the job, wastages are reduced and improved service delivery is experienced.
- (3) **Sense of Job Security:** Many employees depend on the salaries they are paid at the end of the month and look forward anxiously to the end of the next month. In relation to this, where there is a balance between their work and family lives, employees' sense of job security increases and they are invariably motivated to put in their best to protect their jobs.
- (4) **Better Physical and Mental Health:** The physical and mental health of employees is enhanced with a good work-life balance. Job stress would have been reduced, anxieties and unnecessary concerns on the job reduced, and attention would have been given to family issues, which ordinarily would have created distractions on the job and poor performance. Given the above, employees' physical and mental alertness in their work will improve, with a positive relationship with their productivity, interpersonal skills, service delivery, etc.
- (5) **Increased Job Satisfaction:** When employees are satisfied with their jobs, it impacts positively on the organisation as a whole. Where work-life balance exists in an

organisation, it births increased job satisfaction, leading to workforce competitive advantage.

8.5 Work-life Balance Initiatives

Many organisations do put in place strategies to improve work-life balance. However, because of the dynamic nature of society and the work system, such strategies need to be reviewed from time to time. The following are some of the initiatives adopted by organisations:

- (1) Identification of the sources of life outside of work (like family, friends, religious activities, community services and self).
- (2) Identification of job description and job responsibilities, to aid job performance.
- (3) Breaking a job into small units invariably helps in breaking problems associated with the job into smaller more manageable pieces.
- (4) Identification of job stressors and creating strategies to remove them.
- (5) Development of outside activities like hobbies, social events, education, recreation, etc.
- (6) Managing job stress as an ongoing activity.

8.6 Challenges of Work-life Balance

Many issues may confront a well-developed work-life balance initiative within an organisation. The following are discussed as the challenges of work-life balance.

- (1) Employee aspiration
- (2) Leadership styles
- (3) Poor work environment
- (4) Poor company policies and practices

No matter the initiatives put in place by an organisation to balance employees' work, family and social lives, employee aspiration dominates these initiatives. Employees' goals and their dream organisation become imperative and largely influence their stay on the job. Aside from this, where there are poor leadership styles, the tendency is for workers at different levels to search for jobs in other organisations.

In addition, with a poor work environment, chances are high that many employees would be attracted to organisations with favourable work environment which invariably will lead to staff turnover. Where company policies and practices are not employee-friendly, many employees will look for alternative means of livelihood while on the job, or outrightly seek employment in other organisations. Changing business environment, competition and work strain may adversely affect a good work-life balance initiative.

8.7 Some Points to Consider for Professionals on Work-Life Balance

In these hypercompetitive times, stress and strain are common causes for concern for all professionals. Given the fact that most professionals work twelve-hour workdays or more, it is natural that they begin to feel stressed out and tired because of overwork. This has the consequence of upsetting their physical and mental health as well as causing issues in their family life. When modern corporate professionals spend the majority of their time in the office including working on weekends, they have little time to spend with their families. The work-life balance or the necessity to ensure that work does not suffer and at the same time, personal life does not suffer as well is a favourite topic of discussion among corporate trainers and lifestyle experts.

The next aspect of work-life balance is that professionals must devise ways and means to work from home given that the employer is willing to entertain such a possibility. Studies have shown that employees get more work done when they work from home. For female professionals who might have to take care of kids when they are sick and attend to other commitments, working from home is an attractive option. Of course, in recent months, because of the gloomy economic conditions, some employers are frowning on the work-from-home option, hence it is high time policymakers and governments encouraged employers to consider legitimate demands for working from home.

The third aspect of work-life balance is that professionals must take their vacations regularly as it is a great time to de-stress and relax. Many multinationals like Citigroup have mandatory vacation periods because they not only want to be overly dependent on employees from the perspective of personal independence but also want their employees to take time off for vacations so that they can come back refreshed and rejuvenated. The fourth aspect of work-life balance is that professionals must indulge in physical activities and exercise regularly as this helps them to stay

fit physically and mentally. Further, they must avoid taking calls at home in the evenings on regular workdays except when they are working from home and as far as possible, they must avoid working on weekends. Apart from this, they must ensure that time spent at the workplace is for genuine work-related reasons and not merely to waste away time in pursuit of non-work-related activities.

8.8 Conclusion

Work-life balance is about adjusting work patterns to achieve overall fulfilment. A good work-life balance enables organisations to thrive and at the same time, enables the employees to easily combine work with other aspirations and responsibilities. It is an integral and important part of corporate social responsibility.

Work-life balance should not be taken to mean equal balance or scheduling an equal number of hours for one's work and personal activities. A positive work-life balance involves achievement, combining it with personal enjoyment. It is a situation where an employee combines effectively the four quadrants of life, namely work, family, society and self. However, this varies from one individual to another.

A good organisation needs to recognise that part of their obligations to their employees is to ensure that their working lives will not damage their lives outside of work or lead to health problems.

8.9 Practice Questions

- (1) Define and explain the concept of work-life balance.
- (2) What are the benefits and values of work-life balance for employees and organisations?
- (3) List and discuss the challenges of work-life balance
- (4) What vital points should HR practitioners consider on work-life balance?
- (5) What initiatives on work-life should organisations put in place for the employees?

Multiple Choice Questions

- (1) Work-life balance is the term used to describe
 - (a) Those practices at workplaces that acknowledge and aim to support the needs of employees in achieving a balance between the demands of their families and work lives
 - (b) Practices at workplaces that support the needs of union executives in achieving a balance between the demands of their families and work lives
 - (c) Practices at workplaces that support the needs of only junior staff in achieving a balance between the demands of their families and work lives
 - (d) All of the above
- (2) Work-life balance
 - (a) Enhances employees' health
 - (b) Enhances employees' performance
 - (c) Enhances the retention of employees
 - (d) All of the above
- (3) The following are some of the challenges of work-life balance except
 - (a) Employee aspiration
 - (b) Leadership styles
 - (c) Poor work environment
 - (d) Employees' communication skills
- (4) A good organisation
 - (a) Needs to recognise that part of their obligations to their employees is to ensure that their working lives will not damage their lives outside of work or lead to health problems

- (b) Needs to compel employees to work under any condition, as long as organisational goals and objectives are achieved
 - (c) Needs to monitor employees and overload them with tasks to achieve goals and objectives
 - (d) None of the above
- (5) The following are initiatives on work-life balance adopted by organisations except
- (a) Identification of the sources of life outside of work (like family, friends, religious activities, community services and self)
 - (b) Identification of job description and job responsibilities, to aid job performance
 - (c) Breaking of job into small units invariably helps in breaking problems associated with the job into smaller more manageable pieces
 - (d) Monitoring employees and compelling them to work more hours without additional compensation
- (6) The following are the benefits of work-life balance to employees except
- (a) Better physical and mental health
 - (b) Reduction in job stress
 - (c) Sense of job security
 - (d) Mental torture
- (7) When employees work under pressure
- (a) They are likely to make mistakes
 - (b) There could be accidents and incidences
 - (c) Their performances may be negatively affected
 - (d) All of the above
- (8) A good job design and clear instructions can lead to
- (a) Work-life balance
 - (b) Job stress
 - (c) Role conflict
 - (d) All of the above
- (9) Vacation and recreation improve
- (a) Learning and development
 - (b) Employee compensation

- (c) Work-life balance
 - (d) All of the above
- (10) A benefit of work-life balance to an organisation is
- (a) Employee retention
 - (b) Improved productivity
 - (c) Reduction in absenteeism
 - (d) All of the above

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CHAPTER NINE

PERFORMANCE MANAGEMENT

9.1 Learning Objectives

At the end of this chapter, students should be able to;

- i. Define the concept of performance management.
- ii. Explain the concept of performance appraisal.
- iii. List and explain the objectives of performance appraisal.
- iv. List and discuss the essential characteristics of an effective performance appraisal.
- v. Explain the techniques of appraisal.
- vi. Discuss the problems of performance appraisal.

9.2 Introduction

The role of HR in the current economic dispensation has changed and now focuses on evolving such functional strategies which enable successful implementation of major corporate strategies. In a way, HR and corporate strategies function in alignment. Today, HR works towards facilitating and improving the performance of employees by building a conducive work environment and providing maximum opportunities for employees to participate in organisational planning and decision-making processes.

Today, all major activities of HR are driven towards the development of high-performance leaders and fostering employee motivation. So, it can be interpreted that the role of HR has evolved from merely an appraiser to a facilitator and an enabler.

9.3 Definitions and Concepts of Performance Management

Performance management is a much broader and more complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements.

The process of performance management starts with the entrance of a new employee into an organisation and ends when the employee exits the organisation. Performance management is the continuous process of improving performance by setting individual and team goals which are aligned with the strategic goals of the organisation, planning performance to achieve the goals, reviewing and assessing progress and developing the knowledge, skills and abilities of people in organisations. It is a periodic, systematic and objective process of developing an employee to perform their jobs to the best of their ability. This process is achieved through the periodic system of performance appraisal.

Systematic performance appraisal emerged during World War 1 when Walter Scott was able to persuade the US Army to adopt his “man-to-man” rating system for evaluating military officers. However, during the 1920s and 1930s industrial concerns started to put in place rational wage structures for hourly employees and wage increases were based on merit. Hence, the merit rating system started at the time, which was later replaced by a more structured system referred to as performance appraisal today.

9.3.1 Performance Appraisal Defined

Performance is a continuous process of improving the work done by an employee by aligning the actual performance with the desired performance as well as with the strategic goals of the organisation. This is achieved through a variety of means like standard setting, appraisal and evaluation both informally, day-to-day and formally through appraisal interviews and target setting/goal setting.

Performance appraisal is the systematic evaluation of employees concerning their performance on the job and their potential for development. It can be used for salary reviews, learning/training and development needs analysis and job improvement plans. It is done by the employee’s immediate supervisor in the organisation. The appraisal rates the individuals on quasi-objective criteria or standards deemed to be relevant to performance. A traditional appraisal system rates the individuals on a list of qualities, primarily work-related attitudes and personality traits. According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organisations by improving the performance and developing the capabilities of teams and individuals.

The term performance management gained its popularity in the early 1980s when total quality management programmes received the utmost importance for the achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward systems received an equal impetus along with the traditional performance appraisal process in the new comprehensive and much wider frameworks. Performance management is an ongoing communication process between the supervisors and the employees throughout the year. The process is very much cyclical. A performance management system includes the following actions:

- i. Developing clear job descriptions and employee performance plans which include the key result areas (KRA) and key performance indicators (KPI).
- ii. Selection of the right set of people by implementing an appropriate selection process.
- iii. Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- iv. Providing continuous coaching and feedback during the period of delivery of performance.
- v. Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programmes for improvement.
- vi. Holding quarterly performance development discussions and evaluating employee performance based on performance plans.
- vii. Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans, or rather exceeding the performance benchmarks.
- viii. A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organisation's mission and objectives and making the employee and the organisation understand the importance of a specific job in realizing outcomes. Establishing clear performance expectations which include results, actions and behaviour helps the employees to understand what exactly is expected in their jobs and setting standards that help in eliminating those jobs which are no longer in use. Regular feedback and coaching provide an advantage in diagnosing problems at an early stage and taking corrective actions.

Performance management can be regarded as a proactive system of managing employee performance to drive individuals and organisations towards desired performance and results. It is about striking a harmonious alignment between individual and organisational objectives for the attainment of excellence.

9.4 Objectives of Performance Management

According to Lockett (1992), performance management aims at developing individuals with the required commitment and competence for working towards shared meaningful objectives within the framework of an organisation.

Performance management frameworks are designed to improve both individual and organisational performance by identifying performance requirements, providing regular feedback and assisting employees in their career development.

Performance management aims at building a high-performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes continuously and at the same time raising the competence bar by upgrading their skills within a leadership framework. Its focus is on enabling goal clarity for making people do the right things at the right time. It may be said that the main objective of a performance management system is to achieve the capacity of the employees to the full potential in favour of both the employee and the organisation, by defining the expectations in terms of roles, responsibilities and accountabilities, required competencies and the expected behaviours.

The main goal of performance management therefore is to ensure that the organisation as a system and its subsystems work together in an integrated fashion for accomplishing optimum results or outcomes.

The major objectives of performance management are discussed below:

- i. To drive the employees towards achievement of superior standards of work performance.
- ii. To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.

- iii. Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- iv. Promoting a two-way system of communication between the supervisors and the employees for clarifying expectations about roles and accountabilities, communicating the functional and organisational goals, and providing regular and transparent feedback for improving employee performance through continuous coaching.
- v. Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- vi. Creating a basis for several administrative decisions, strategic planning, succession planning, promotions and performance-based payment.
- vii. Promoting personal growth and advancement in the career of the employees by helping them acquire the desired knowledge and skills.

Some of the key concerns of a performance management system in an organisation are:

- i. The output (the results achieved), outcomes, processes required for reaching the results and also the inputs (knowledge, skills and attitudes).
- ii. Measurement of results and review of progress in the achievement of set targets.
- iii. Defining business plans in advance for shaping a successful future.
- iv. Striving for continuous improvement and continuous development by creating a learning culture and an open system.
- v. Establishing a culture of trust and mutual understanding that fosters free flow of communication at all levels in matters such as clarification of expectations and sharing of information on the core values of an organisation binds the team together.
- vi. The provision of procedural fairness and transparency in the process of decision-making.

The performance management approach has become an indispensable tool in the hands of corporates as it ensures that the people uphold the corporate values and tread the path of accomplishment of the ultimate corporate vision and mission. It is a forward-looking process as it involves both the supervisor and the employee in a process of joint planning and goal setting at the beginning of the year.

9.5 Techniques of Performance Appraisal

There are two common techniques of appraisal namely;

- (i) Open-reporting system
- (ii) Closed-reporting system

In the open-reporting system, the employee is aware of grading/observations made by the superior and the employee is allowed to accept or reject the superior's comments/observations. Here, the employee's input counts. The close-reporting system does not allow the employee to see the superior's comments, though the employee's input may not be required.

In the two techniques above, the employee's work or performance is compared against set standards, rated against set goals or targets, compared against direct performance measurement and rated against other employees in the department or with employees in other functions with which they have job relationships.

9.6 Appraisal Methods

The following are the appraisal methods in vogue:

- (i) **Graphic Rating Technique:** this is the oldest and the most widely used method, which is also called the personal traits or behaviour scales chart method or rating scale technique. It is the conventional rating method under which the rater or appraiser is supplied with a printed evaluation form. The form to be completed by the rater contains different qualities, characteristics and traits that are rated according to various degrees of merit.
- (ii) **Ranking Method (Rank-order Method):** Here, the superior or rater ranks all employees under his or her supervision from best to worst on one scale using various traits or factors. The rater selects two employees, one with the best performance and the other with the worst performance. He then rates other employees in comparison with these two performances.
- (iii) **Paired comparison:** This is used mainly where there is a large group to be appraised. The technique implies that it is easier to judge which of two persons is superior than to arrange employees in order of excellence. For each trait to be considered, every subordinate is compared with every other subordinate, hence the method is also known as "man-to-man"

comparison. The final ranking of each employee is determined by the number of times he is judged better than the others.

- (iv) **Forced-Distribution Method:** This method aims at preventing superiors from clustering their employees at the high end of the scale or around the mid-point. Individuals rated are distributed along one or more scales and fixed percentages of employees are assigned to the best (excellent) and worst (unsatisfactory) ends of the scale and the middle bracket.
- (v) **Critical Incidence Method:** Here the assessor or rater is asked to observe and record specific important incidents of good and poor performance on the part of the subordinate during the period under review. This serves as a means of giving feedback on the actual performance of the subordinate.

9.7 Key Result Areas/Key Performance Indicators

Key results areas or key performance indicators are specific areas of an employee's work that are measured, by his superior, when an employee can achieve whatever is agreed between him/her and the superior on his/her job responsibilities.

These methods have now emerged as viable alternatives to performance appraisal, where output is not easily seen physically. In some organisations, these methods are incorporated into the mainstream appraisal system, as they appear as a particular target set between the subordinate and his or her superior. Upon successful execution of the project or achievement of the target, the subordinate is rated high or low based on the agreed rating.

9.8 Conclusion

Organisations are expected to continually measure employees' performance, for the achievement and sustenance of business objectives. In other words, employees' performance appraisal is conducted periodically.

Performance appraisal is an important component of human resource management, as it plays strategic roles in other human resource activities like training, compensation administration, discipline, transfer, promotion and rightsizing. Because organisations exist in dynamic and competitive business environments, coupled with the effects of globalisation, employees who are

the key resource in any organisation must perform to ensure that organisational goals are easily realizable, and the survival of their organisation is guaranteed.

Performance management views an employee's performance with the present and future in mind, while performance appraisal evaluates an employee's performance based on how he has performed in the immediate past and gives final feedback.

9.9 Practice Questions

- (1) Define and explain the concept of performance appraisal.
- (2) List and explain the objectives of performance appraisal.
- (3) Outline the various approaches to appraisal.
- (4) List and explain three appraisal methods. What are the merits and demerits of these methods?
- (5) Provide a critique of the performance appraisal system.

Multiple Choice Questions

- (1) Performance management encompasses activities like
 - (a) Joint goal setting
 - (b) Continuous progress review and frequent communication
 - (c) Feedback and coaching for improved performance
 - (d) All of the above
- (2) Organisations are expected to continually measure employees' performance for
 - (a) The achievement and sustenance of business objectives
 - (b) To properly remunerate employees
 - (c) To ensure organisations remain competitive
 - (d) All of the above
- (3) The following are the appraisal methods except
 - (a) Graphic rating technique
 - (b) Ranking method
 - (c) Paired comparison
 - (d) Communication method
- (4) Employees' performances are measured
 - (a) Periodically during a given year
 - (b) Once in three years
 - (c) Once in four years
 - (d) All of the above

- (5) The process of performance management starts with
- (a) The entrance of a new employee into an organisation, and ends when the employee exits the organisation.
 - (b) The entrance of a union executive, and ends when he or she leaves the position
 - (c) The entrance of a supplier, and ends when the supplier leaves the organisation
 - (d) All of the above.
- (6) Performance management is the continuous process of
- (a) Improving performance by setting individual and team goals
 - (b) Improving the productivity of the organisation
 - (c) Improving interpersonal relationships between employees
 - (d) None of the above
- (7) Performance management is aligned with the
- (a) Quality of raw materials in the organisation
 - (b) Power of the supervisor in the organisation
 - (c) Strategic goals of the organisation
 - (d) All of the above
- (8) Performance appraisal is the systematic evaluation of
- (a) Quality of employees' ability to argue with their supervisors
 - (b) Employees with respect to how beautiful they are
 - (c) Employees with respect to their performance on the job
 - (d) Employees with respect to the number of children they have
- (9) When employees have positive performance appraisals, they are
- (a) Relieved of the job
 - (b) Adequately rewarded
 - (c) Sanctioned for it
 - (d) All of the above
- (10) Performance appraisal is done by the employee's
- (a) Immediate junior staff
 - (b) Immediate supervisor in the organisation.
 - (c) Management staff in the organisation
 - (d) All of the above

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CHAPTER TEN

COMPENSATION MANAGEMENT

10.1 Learning Objectives

At the end of this chapter, students should be able to;

- i. Define and explain the concept of Compensation Management.
- ii. Discuss the nature and purpose of compensation management.
- iii. List and explain the varieties of compensation packages
- iv. Discuss the theories of compensation management
- v. Discuss the challenges of compensation management in Nigeria
- vi. Discuss the methods of compensation management as they relate to collective bargaining.
- vii. Highlight key features of the Employees' Compensation Act (2010)

10.2 Introduction

There is no single definition of the word compensation. Its meaning is deduced from its purpose and policy. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation can also be described as a tool used by management for a variety of purposes to further the existence of the company. However, Compensation implies having a compensation structure in which the employees who perform better are paid more than the average-performing employees (Pearce, 2010).

Employees' compensation therefore refers to all forms of pay going to employees and arising from their employment. The phrase 'all forms of pay' in the definition does not include non-financial benefits but includes all the direct and indirect financial compensations. It may also be used as a reward for exceptional job performance. Examples of such plans include bonuses, commissions, stock, profit sharing etc.

Compensation processes are based on compensation philosophies and strategies, containing arrangements in the shape of policies and strategies, guiding principles, structures and procedures

which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation (Bob, 2011).

There are three purposes of employee compensation programmes. They include to;

- i. Attract capable employees to the organisation
- ii. Motivate them towards superior performance
- iii. Retain their services over an extended period

According to Cole (1997) the fourth purpose is that compensation is to reward employees for effort, loyalty, experience and achievement. Compensation can also be defined as the money being salaries and wages, which an employer pays an employee for the services rendered, and which is meant to keep him rendering such services for an extended period. Basically, employee compensation refers to all the forms of pay or rewards going to employees and arising from their employment. Therefore, Compensation includes direct cash payments, indirect payments in the form of employee benefits and an incentive to motivate employees to strive for higher levels of productivity, all of which are critical components of an employment relationship.

10.3 What is Compensation Management?

“If you pick the right people and allow them to spread their wings - and put compensation and rewards as a carrier behind it - you almost don't have to manage them.”

— *Jack Welch*

Most of us would have heard the term “compensation” in the context of getting paid for the work that we do. The work can be as part of a full-time engagement or part-time in nature. What is common to them is the “reward” that we get for expending our energy not to mention the time that we are compensated for it.

From the perspective of the employers, the money paid to the employees in return for the work that they do is something that they need to plan for elaborately and systematically. Unless the employer and the employee are in broad agreement (we use the term “broad agreement” since in many cases, significant differences in perception about the employee's worth exist between the

two sides), the net result is dissatisfaction from the employee's perspective and a friction in the relationship.

It can be said that compensation is the "glue" that binds the employee and the employer together and in the organised sector, this is further codified in the form of a contract or a mutually binding legal document that spells out exactly how much should be paid to the employee and the components of the compensation package. Therefore, the art and science of arriving at the right compensation makes all the difference between a satisfied employee and a disgruntled employee.

Though Maslow's Need Hierarchy Theory talks about compensation being at the middle to lower rung of the pyramid and other factors like job satisfaction and fulfilment being at the top, for a majority of employees, getting the right compensation is by itself a motivating factor. Hence, employers need to quantify the employee's contribution adequately if they are to get the best out of the employee. The provision of monetary value in exchange for work performed forms the basis of compensation and how this is managed using processes, procedures and systems forms the basis of compensation management.

There are other aspects of compensation management like the components of compensation, types of compensation, inclusion of variable pay, the use of Employee Stock Options etc. Skewed compensation management leads to higher attrition. This aspect is important as studies have shown that a majority of the employees who quit companies give inadequate or skewed compensation as the reason for their exit. Hence, compensation management is something that companies must take seriously if they are to achieve a competitive advantage in the market for talent.

Considering that the current trend in many sectors (particularly the knowledge-intensive sectors like Financial Services and Consulting) is to treat the employees as "creators and drivers of value" rather than one more factor of production, companies around the world are paying close attention to how much they pay, the kind of components that this pay includes and whether they are offering competitive compensation to attract the best talent. At this juncture, it is pertinent to take a look at what Jack Welch had to say in this regard. He stressed that if the right compensation along with the right kind of opportunities are made available to people by the firms they work for, work becomes a pleasure and managers' tasks are made simpler leading to all-around benefits for employees and employers.

Compensation can be defined as the reward given to an individual for carrying out a specific task. It can stimulate action towards higher productivity under normal circumstances. Every employee will be interested in knowing what his or her inputs will translate to at the end of the month or on completion of an agreed task.

It would be right to say that employees exchange their labour for both financial and non-financial rewards. In organisations, the non-financial contents of a reward package include an official car, insurance package, preferred lunch hour, vacation abroad and free Medicare for employees and members of their immediate families etc.

On the other hand, financial compensation which can be broken down into two, includes direct financial compensation and indirect financial compensation. Direct financial compensation includes wages, salaries, bonuses, incentives and commissions. While indirect financial compensation will include living in a company house and the organisation being responsible for airtime usage, among others.

Specifically, compensation management is defined as the coordination and direction of an organisation's resources to remunerate and motivate employees towards achieving the goals of the organisation, without putting the organisation into financial distress (Oladele, 2015).

10.4 Nature and Purpose of Compensation Management

The basic purpose of compensation management is to establish and maintain an equitable reward system i.e., an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximised, and conflicts minimised. Compensation management is concerned with the financial aspects of needs, motivation and rewards. Managers, therefore, do analyse and interpret the needs of their employees so that rewards can be individually designed to satisfy these needs. It has been rightly said that people do what they do to satisfy some need. Before they do anything, they look for a reward or pay-off.

10.5 The Needs for Compensation Management

Compensation management is a critical issue in the management of human capital. When it is effectively managed, employees are highly motivated for improved productivity and higher job

satisfaction. However, when it is mismanaged, it may lead to industrial unrest, employee disloyalty, lack of commitment to work, and low productivity, to mention but a few.

The following are some of the needs for compensation management:

- (1) The need for industrial peace to be maintained.
- (2) It assists in retaining well-qualified and productive personnel.
- (3) When properly managed, the company remains competitive in terms of quality of personnel
- (4) New employees can be attracted, while the existing ones are retained.
- (5) When properly managed, compensation becomes flexible and adequate for changing business needs and goals.

10.6 Factors Determining Compensation Package

The following factors determine the compensation package:

- (1) Market factors—this will involve labour supply and demand, the dictates of the economic environment, like inflation, unemployment, skill shortage, brain-drain etc.
- (2) Regulatory forces –this includes the government minimum wage and statutory requirements.
- (3) Work value—this will include the nature of the task and required skills. Knowledge, physical ability and risk attached to a job.
- (4) Individual factors—these are employees’ expectations, perceived competence of the employee and his/her contributions to the overall business goals, and negotiation skills, among others.

10.7 The Reward Systems

A reward system can be described as the process and components of payments made to employees to motivate them to increase their level of output. Rewards are classified into two, namely:

- (a) **Intrinsic Rewards:** This refers to the sense of accomplishment and achievement, which comes from doing the job itself. For instance, techniques like job enrichment and efforts at redesigning or restructuring work to increase its personal worth might make it more intrinsically rewarding.

- (b) **Extrinsic Rewards:** These will include direct compensation like salaries or wages, performance bonuses, profit sharing and direct compensation like pay for time not worked, and protection programmes, among others.

10.8 Reasons for Relating Pay to Performance

Relating pay to performance will serve the following purposes:

- (a) It will enhance the productivity of employees
- (b) It provides a strong link between the company's goals and employees' goals.
- (c) It forms the basis for determining whether to increase salary or not
- (d) It justifies the human resource expenditure as the company will be sure that it is getting the required output for the compensation being paid.
- (e) It forms the basis for which employees are valued, particularly when organisations are headhunting

10.9 Reasons for Pay Differentials among Employees

Salary or pay differentials exist in organisations, within the same industries. This may be due to the following reasons:

- (a) It is a way of rewarding high performance, through performance-related bonuses.
- (b) It allows firms to recognise market changes between jobs in the same grade, without requiring a major overhead of the whole compensation system.
- (c) Some jobs require special skills, which will invariably demand higher pay.
- (d) Professionals in some areas are scarce and will need to be attracted and retained with higher pay.

10.10 Theories of Compensation Management

There are three main theories used by human resource professionals when developing compensation management plans. These are:

- (1) Behaviour Reinforcement Theory
- (2) Equity Theory
- (3) Agency Theory

Behaviour reinforcement theory: When a person is rewarded for a particular behaviour, he or she is more likely to perform those actions again. You can probably think about a time when you did something that made your parents or teacher happy, and you were rewarded in some way. The positive reaction motivated you to do the same actions again because you would anticipate getting the same or a similar reward. This applies to the work system.

Equity theory: This suggests that employees' actions will be changed based on their perception of how they are paid in comparison to their co-workers. For example, if Thomas and Gabriel work the same number of hours and have the same type of job and a similar level of work experience, it is expected that they would be paid fairly and about the same salary. However, if Thomas discovered that Gabriel was paid more than he was paid, then Thomas' productivity would probably decrease so that he would only be working to a fair level based on his new perception of the compensation.

Agency theory: This is an attempt to use pay to get people's interest in a company. There are many categories of people within a company, and each has their own set of priorities:

- i. Employees wish to have a safe workplace, to be paid fairly based on their level of effort and may even share in company profits if the company is successful.
- ii. Management seeks to increase the productivity of employees and to pay them fairly based on their level of expertise within the organisation.
- iii. Stockholders want the company to maximise profits by reducing costs (including labour expenses) while increasing the value and reputation of the company.

10.11 Varieties of Compensation Packages

Various compensation systems have been developed to determine the value of positions. These systems utilise many similar components including job descriptions, salary ranges/structures, and written procedures. The components of a compensation system include:

- i. **Job Descriptions:** A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location, environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families.

- ii. **Job Analysis:** This is the process of analysing jobs from which job descriptions are developed. Job analysis techniques include the use of interviews, questionnaires, and observation.
- iii. **Job Evaluation:** A system for comparing jobs to determine appropriate compensation levels for individual jobs or job elements. There are four main techniques: Ranking, Classification, Factor Comparison, and Point Method.
- iv. **Pay Structures:** Useful for standardizing compensation practices. Most pay structures include several grades with each grade containing a minimum salary/wage and either step increments or grade range. Step increments are common with union positions where the pay for each job is pre-determined through collective bargaining.
- v. **Salary Surveys:** This involves the collection of salary and market data. It may include average salaries, inflation indicators, cost of living indicators, and salary budget averages. Companies may purchase the results of surveys conducted by survey vendors or may conduct their salary surveys. When purchasing the results of salary surveys conducted by vendors, note that surveys may be conducted within a specific industry or across industries as well as within one geographical region or across different geographical regions. It is expected that one knows which industry or geographic location the salary results pertain to before comparing the results with the company's data.

10.12 Major Challenges to Effective Compensation Management in Nigeria

Compensation structures are leading issues for human resource departments in companies of all sizes. In a small business, the issue takes on greater significance because its budgets are limited in nature and therefore, compensation packages may be limited as well. Small-business owners are burdened with providing a competitive pay rate, attracting top talent and still maintaining fiscal responsibility. The following are some of the challenges encountered by organisations in Nigeria when it comes to the issue of compensation management:

(i) Recruitment

While a number of issues impact small-business recruitment efforts, including work-life balance and corporate culture, compensation packages are a critical factor to many would-be employees. In other words, while employees may be attracted to your business for a variety of reasons, salary

and benefits are important, and they play a major role when it comes to recruiting top talent to a small company.

(ii) Retention

Compensation management is important not only for recruiting top employees but to keeping those in their positions once hired. Small businesses often invest significant amounts of time and money in training new employees and bringing them up to speed. A company that loses a key player to the competition because of poor compensation management not only loses a talented employee in which it has invested, but the business also incurs additional expenses when it comes to rehiring and retraining for the vacated position.

(iii) Motivation

Job satisfaction and a positive workplace culture often motivate employees to perform at top levels, particularly in a small or close-knit business. Compensation is also critical to staff motivation, making compensation management a vital area of operation. employees who feel they are adequately rewarded for their contributions and their efforts are more likely to perform their jobs well, have a decreased level of absenteeism and have greater longevity than those who feel underpaid or under-appreciated.

Finding the Balance

Many small-business owners meet the challenge of compensation management by using their small-business status and flexibility to their advantage. For example, small businesses often allow creative scheduling options such as flex time, job sharing, telecommuting and work-from-home options as incentives for attracting talented employees. Mentoring, professional development and a policy of promoting from within can also help offset compensation challenges by providing employees with incentives for internal advancement. Other perks that can help a small business manage compensation include a company wellness programme and free memberships (such as a gym membership).

Incentive Programmes

The ability to introduce profit-sharing, bonus or incentive programmes can help small-business owners to boost the earning potential of employees. Also, the incentive plans can help a small business retain top performers. In this sense, the company can offer the potential for higher degrees of compensation based on the performance of the company or individual employees.

10.13 Highlights of the Employees' Compensation Act (2010)

The following are some of the contents of the Employees' Compensation Act (2010) as prescribed by the Federal Government of Nigeria.

- (1) Employer's obligation to report death, injury or disease of an employee.
- (2) Compensation for injury
- (3) Compensation for mental stress
- (4) Compensation for occupational disease
- (5) Compensation for hearing impairment
- (6) Compensation for injuries occurring outside the normal workplace
- (7) Limitation of actions, subrogation, etc.
- (8) Compensation cannot be waived
- (9) Contribution by employees for compensation prohibited.
- (10) Compensation is not assignable or liable to attachment.
- (11) Vocational rehabilitation, etc.
- (12) Compensation in fatal cases
- (13) Compensation relating to enemy warlike actions
- (14) Period for making payments
- (15) Proof of existence of dependents
- (16) Permanent total disability
- (17) Permanent partial disability or disfigurement
- (18) Period of payment for permanent total or partial disability
- (19) Temporary total disability
- (20) Temporary partial disability
- (21) Health care and disability support

- (22) Duty of accredited medical practitioner and other specialists
- (23) Retirement benefits
- (24) Payment of retirement benefits
- (25) Reconsidering benefits

10.14 Collective Bargaining as a Tool for Compensation Management

Collective bargaining is a forum of interaction between labour and management. It is a practice by which employers and employees meet at regular intervals to agree on the terms under which the employees shall render their services to the organisation. The essence of the forum therefore is to discuss in an atmosphere which is devoid of rancour, the conditions of service of the employees and the issues arising thereof from time to time. Thus, it means that the management is compelled under this practice not to wait until there is an industrial crisis or dispute before engaging the employees' representatives in meaningful dialogue towards ensuring industrial harmony.

According to Akubuiro (2003), collective bargaining can be viewed as a process which determines under what terms labour will be bought and sold and under what terms labour will continue to be supplied to a particular company. The implication is that each employee's contract has been replaced by a company agreement with a union and whatever is agreed by the union and management also binds not only present employees but also future ones. From another perspective, Akubuiro (2003) stressed that collective bargaining includes all methods by which groups of workers and relevant employers come together to attempt to reach an agreement on matters through a process of negotiation. Matters discussed here generate a relationship of rivalry and decisions are reached through concessions and compromise.

10.14.1 Items for Collective Bargaining

The issues or items for collective bargaining whether negotiable or non-negotiable are normally categorised into three distinct groups.

- (i) **Mandatory items:** These are items that both management and unions have accepted to constitute subjects for negotiation. An important example is the issue of wage regulation. Another example of a mandatory issue is the conditions of service. The number of mandatory items which are accepted by both parties for negotiation largely depends on the

ability of the union to convince management to accept its proposals on one hand and management's resistance against the union's desires on the other.

- (ii) **Voluntary items:** These are the items which neither party in the industrial relationship can be compelled against its wish to accept for negotiation. Examples of such issues are fringe benefits like bonuses, transport schemes, long service awards and death benefits. In essence, voluntary items are regarded as middle-range issues for which neither party can be forced against its wish to negotiate upon or sign for in the process of negotiation. By implication, such items are not binding on the employer.
- (iii) **Exclusive items:** These are issues which are the exclusive prerogative of the management of the organisation and fall under the procedural agreements. Hence, the unions are not supposed to interfere with them because they are under the ambit of the functional responsibility of the management. Examples of exclusive issues are employment, promotion, transfer, termination, suspension, and discharge. In some cases, the unions may be allowed to have consultation with the management on such issues, but the management still reserves the right to make exclusive decisions on them without recourse to the unions.

10.14.2 Methods of Collective Bargaining

(i) Contractual Method

Under this method, the employer and the representatives of the workers meet for negotiation of all subjects previously agreed between the parties as "subjects for negotiation". They bargain and if they succeed, they conclude a "Collective Agreement" which is a "social treaty." The agreement becomes "static" because, after the conclusion of the agreement, it remains the only agreement that binds the parties. The agreement remains static even when situations or circumstances surrounding the agreement change.

(ii) Institutional Method

Under this method, industrial and management come together to set up an institution and a constitution. The body known as a consultative committee consists of an equal number of representatives while passing a resolution. The bilateral agreement is open to interpretation or modification. Hence, it is an open-ended agreement. Also, a time limit is usually not fixed for its operation. Therefore, this agreement cannot be enforceable under the law of contract.

10.14.3 Procedure for Collective Bargaining

Procedure for collective bargaining refers to the correct ways through which both the management and union representatives discuss and reach an agreement on pay and working conditions (including dispute settlement machinery).

Various forms of industrial disputes are highlighted below:

- (i) **Economic disputes:** These are the issues that affect employee compensation in the form of salaries, incentives, fringe benefits and other related allowances which are financial.
- (ii) **Legal disputes:** These are the union-management disagreements which border on the interpretation and authorship of the agreement.
- (iii) **National disputes:** These are economic or social issues affecting the entire population of workers in the country, normally handled by the umbrella unions such as the Nigeria Labour Congress (NLC). Examples of such issues are the national minimum wage, prices of commodities, interest rates and laws relating to labour generally.

Akubuiro (2003) described the following procedures for collective bargaining as necessary for ensuring industrial harmony. It is a process structured in the stages below.

Stage 1: Union recognition stage

The important thing herein is the recognition of the workers' union by the management. The labour laws in Nigeria permit workers to form and register trade unions in any organisation. The minimum number of workforces in an organisation that can form a trade union is 50 employees. Once the union has been formed and registered with the appropriate authority, the employer is duty-bound to accord it recognition and work with it for the good of the organisation.

Stage 2: Pre-negotiation stage

At this stage, both the union and the management are expected to draw and study an agenda for the process of collective bargaining. Each party is expected to generate authentic information for a balanced argument in the collective bargaining exercise. Both parties are expected to study their respective bargaining power in terms of the numeric, financial, skills of the executives, and the

like. At times, the union use consultants and engages in espionage activities on the firm to generate relevant data for meaningful negotiation.

Stage 3: Selection stage

This involves the selection of those who will represent both parties at the collective bargaining forum. People with qualities such as tactic, boldness, great wit, wisdom, good character, skilfulness, and fearlessness are to go for the negotiation. Therefore, the most qualified persons to represent the union may not be its executives but other members of the union. The union may be compelled to engage the services of industrial experts to do the bargaining on their behalf but necessarily in their presence. The management team is also to make use of its knowledgeable members or a panel of experts for the negotiation. The actual representation is a function of agreement by both parties.

Stage 4: Negotiation stage

The major preoccupation under this stage involves strategizing towards the bargaining process taking into consideration the basic policies to be respected. More so, decisions on the possible concessions or compromises to be conceded are made.

Stage 5: Contract stage

Collective bargaining itself takes place under this stage. Traditional styles of backbiting, hitting the table, shouting, bluffing, and holding back concessions were the norm in the process of negotiation for collective bargaining. Nevertheless, in modern-day collective bargaining, the norm is concession, compromise, mutual negotiation and discussions for beneficial decisions. The watchword is being ethically conscious in terms of the behaviour of the negotiators and the central focus revolves around the level of productivity, organisational image, and the future of both the workers and the business. This mutual understanding normally leads to the drawing up and signing of contracts, which are the procedural and substantive agreements, reached by both parties and must be jointly appended to by the representatives of both parties after careful perusal.

10.15 Conclusion

Compensation is an important concept when it comes to attracting capable employees to the organisation and motivating them towards superior performance. Compensation management plays a key role in ensuring that there is an equitable salary structure within an organisation. It equally focuses on job evaluation, wage, profit sharing and control of pay costs.

Some issues and challenges are likely to be encountered when considering compensation management which can be in the form of recruitment, retention and motivation. It is expected that an organisation will perform and compete favourably within its space when there is a good compensation management plan in place. The reason for this is that an employee looks forward to working in an environment which is devoid of rancour, crisis, disputes and maltreatment. It is therefore critical that organisations align their compensation practice with performance to enhance the achievement of organisational goals and enhance competitive advantage.

10.16 Practice Questions

- (1) Differentiate between compensation and compensation management.
- (2) Explain and state the contents of the Employees' Compensation Act (2010).
- (3) What is the correct procedure for collective bargaining?
- (4) It is often said that for every problem there is always a solution. Explain the major challenges of effective compensation management in Nigeria and proffer appropriate solutions.
- (5) Explain the following terms;
 - i Job description
 - ii Job evaluation
 - iii Pay Structures
 - iv Job Analysis

Multiple Choice Questions

- (1) Compensation is an important concept when it comes to
 - (a) Attracting capable employees to the organisation
 - (b) Motivating employees towards superior performance
 - (c) Retaining capable hands in the organisation
 - (d) All of the above
- (2) The following are some of the contents of the Employees' Compensation Act (2010) as prescribed by the Federal Government of Nigeria except
 - (a) Employer's obligation to Report Death, injury or disease of an Employee
 - (b) Compensation for Injury
 - (c) Compensation for Mental Stress
 - (d) Compensation for the vacation of the employee and the family
- (3) Compensation management plays a key role
 - (a) Ensuring that there is an equitable salary structure within an organisation
 - (b) By ensuring that there is a good collective bargaining
 - (c) Ensuring that employers follow the disciplinary procedure
 - (d) All of the above
- (4) Collective bargaining is a forum of interaction between

- (a) Labour and management
 - (b) Labour and suppliers
 - (c) Labour and Contract staff
 - (d) Labour and supervisors
- (5) The theories of compensation management include the following except
- (a) Behaviour Reinforcement Theory
 - (b) Equity Theory
 - (c) Agency Theory
 - (d) Systems Theory
- (6) The following are the determinants of wage structure except
- (a) Ability to pay
 - (b) Going rate
 - (c) Productivity
 - (d) Autocratic supervision
- (7) Some of the major challenges of compensation management in Nigeria are the following except
- (a) Motivation
 - (b) Retention
 - (c) Recruitment
 - (d) Collective bargaining
- (8) With adequate compensation, employees' productivity is
- (a) Enhanced
 - (b) Sustained
 - (c) Dwindle
 - (d) A and B
- (9) The following are the purposes of employee compensation programmes except
- (a) To attract capable employees to the organisation
 - (b) To motivate them towards superior performance
 - (c) To retain their services over an extended period
 - (d) To mobilise employees against management for better remuneration
- (10) Employees' compensation refers to all forms of pay going to

- (a) Employees and arising from their employment
- (b) Employees and arising from their leisure
- (c) Employees and arising from their domestic agreement
- (d) All of the above

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CHAPTER ELEVEN

OTHER RELATED ISSUES

11.1 Learning Objectives

At the end of this chapter, students should be able to;

- i. Define and explain the concept of collective bargaining
- ii. Discuss the conditions that will make collective bargaining effective
- iii. Discuss the functions of collective bargaining
- iv. Discuss the concept of joint consultation
- v. Explain the purpose of joint consultation
- vi. Define and discuss the concept of industrial conflict and the types
- vii. Discuss discipline and disciplinary procedures in the organisation
- viii. Explain the grievance procedure and causes of grievances
- ix. Discuss the concept of corporate social responsibility
- x. Explain the idea of workforce diversity
- xi. Discuss the concept of emotional intelligence

11.2 Introduction

There is a need to engage in a detailed discussion of industrial relations, given the issues that will be discussed in this chapter. Industrial relations is a broad field of academic study and practice encompassing the myriad of participants, actors or parties in a given context. These stakeholders were articulated as fourteen (14). They are individual employers, employees' organisations, job seekers, employees, union members, unions, consumers, producers, citizens, executives, legislature, judiciary, employer-employee and unions-employers' organisations (Fajana, 2006).

Industrial relations involve all the stakeholders stated above commonly referred to as actors. However, these actors are subsumed into three namely: employees and their representatives; employers and their associations; the state and its agencies.

Industrial relations is a dynamic field of study that depends on the pattern of the society, economic and political systems of a nation, as well as changes within the economic systems and their impact on the other institutions in society (Ebeloku, 2017).

Industrial relations is the multidisciplinary academic field that studies the employment relationship, that is, the complex interrelationship between employers and employees, employers-organisations and the state. It is the relationship between employers and workers, be they at national, regional or company level. It is the relations and interactions in the industry, particularly between labour and management, as a result of their composite attitudes and approaches, regarding the management of the affairs of the industry for the good of not only the management and the workers but also of the industry and economy as a whole.

Fajana (2006) maintained that industrial relations is a discipline concerned with the systematic study of all aspects of employment relationships. The interdisciplinary nature of industrial relations stems from the vast nature of the problems usually studied in the discipline. Some of the issues covered in industrial relations include the following:

- (i) Wages, salaries and remuneration of labour.
- (ii) Terms and conditions of service, which include hours of work, health and safety at work, overtime, etc.
- (iii) Arrangement of benefits, which include leave and leave pay, sickness benefits, medical facilities, welfare schemes etc.
- (iv) Social aspects of working life, which can further improve the welfare of employees. These include recreational facilities, retirement benefits, pension and redundancy benefits, among others.

11.3 Collective Bargaining

Bargaining implies discussing or negotiating. It involves the exchange of one or more issues. An understanding of collective bargaining is central to the analysis of industrial relations in a unionised organisation. Collective bargaining can be described as a process whereby the terms and conditions of employment and variations of such terms and conditions are peacefully agreed upon through negotiation between the employer and the workers' union (Ebeloku, 2004).

Furthermore, collective bargaining is a decision-making process between parties representing employer and employees' interests, whose purpose is the negotiation and continuous application of an agreed set of rules to the process. It can be regarded not only as a mechanism for settling wages and other terms of employment but as a means of regulating labour-management relations (Oladele, 2007).

The concepts of collective bargaining and trade unions were made popular by the work of two scholars, Sydney and Beatrice Webb. They presented a generally accepted definition of collective, given by the International Labour Organisation. Collective bargaining was defined as “the method of determining working conditions and terms of employment through negotiation, between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more representative workers' organisations on the other to reach an agreement (ILO, 1960). On the other hand, Fashoyin (2014) maintained that collective bargaining is the process of arriving at or attempting to arrive at a collective agreement.

Two agreements are produced in collective bargaining, these are substantive and procedural agreements. It is important to state that none of the parties in collective bargaining is coerced into reaching an agreement. It is also necessary that such an agreement is documented and signed by the parties authorised to sign the document.

11.4 Objectives of Collective Bargaining

The following are some of the objectives of collective bargaining:

- (i) To fix the price of labour service (rewards to employees).
- (ii) To settle disputes between actors.
- (iii) To make rules (substantive and procedural rules). That is rules set to govern the working relationship between parties in industrial relations.

11.5 Functions of Collective Bargaining

The general functions of collective bargaining are as follows:

- (i) The sustenance of peace, stability and progress in organisations.

- (ii) Prevention of workflow disruptions.
- (iii) Better work performance.
- (iv) Economic growth.
- (v) Industrial development.

Specifically, the functions of collective bargaining to the employees, employers and the state are given below:

To the Employees

- (i) Privilege to be heard.
- (ii) Discourage alienation.
- (iii) Contributions toward the making of rules governing the work system.
- (iv) Participation in management function.

To the Employer

- (i) It reduces the level of conflict.
- (ii) It allows employers to attend to complaints and grievances of employees on time.
- (iii) Promotes peaceful industrial relations system.
- (iv) Promotes joint efforts on issues of common interest.

To the State

- (i) It promotes political stability.
- (ii) The avoidance of negative effects of visible expression of conflict.
- (iii) Allows the state to concentrate more on participatory role, as a Third Party.

11.6 Conditions Necessary for Effective Collective Bargaining

Many conditions will make collective bargaining effective in the industrial relations system. These conditions are listed below:

- (i) Favourable political climate.
- (ii) Stability of workers' organisation.
- (iii) Recognition of trade unions.

- (iv) The willingness of parties to give and take.
- (v) The ability of the parties to negotiate skilfully.
- (vi) Willingness to negotiate in good faith and reach agreement.
- (vii) Willingness to observe the collective agreement that is reached.

11.7 The Concept of Joint Consultation

Joint consultation is a strategy that organisations adopt to discuss issues of common interest on how organisations are managed with employees. In this way, human resource managers lead discussions with the inclusion of experienced employees from various units, departments and divisions in the organisation, to assess and evaluate the work processes, procedures and methods, to find solutions to challenges confronting the organisation and in particular on how best to manage the workplace, to achieve the goals and objectives organisations.

Joint consultation is the means that does not fall within the ambit of collective bargaining, as the discussion focuses mainly on how participants believe the system of work can be managed to achieve the ultimate goals of the organisation. Through it, management and employees come together to determine matters affecting their joint or respective interests. That is matters where the interests of management and employees coincide.

Joint consultation represents a means where employees and management jointly examine and discuss problems that concern both parties. It involves seeking mutually acceptable solutions through a genuine exchange of views and information on issues concerning the organisation for effective and efficient running of the system of work. The assumption is based on the premise that organisations are driven by values shared by all the stakeholders in the workplace. It is an aspect of labour-management negotiation where unions occupy strong and well-established relationships within the organisation.

11.8 Purpose of Joint Consultation

The purpose of joint consultation is to bring about greater common understanding by providing employees with the platform to know what is going on within the firm and equally allow them to make contributions toward the running of the workplace. Specifically, the following are the purposes of joint consultation:

- (i) To give employees a voice in decisions that affect them.
- (ii) To incorporate employees' ideas and experience in the effective management of the organisation.
- (iii) As a means of proactively resolving challenges between employees and management before they get out of hand.
- (iv) As a means of furthering employees' commitment to work and continued loyalty to the organisation.
- (v) A way of encouraging creativity and innovation, which are necessary for organisational growth and survival.
- (vi) As a strategy to encourage and develop leadership skills in workers, who represent the interests of the generality of the workforce.

11.9 Issues Covered in Joint Consultation

- (i) Output and productivity: These are setting targets, improvement in work methods, quality of work and standards, as well as work measurement.
- (ii) Human resource policies and procedures: These include methods of employee recruitment and selection, principles and procedures for promotion, redundancy and redeployment policy, appraisal system, absenteeism, labour turnover and preparation for retirement.
- (iii) Education and training.
- (iv) Safety and health.
- (v) Work environment.
- (vi) Employee services, like health schemes, canteen, transportation, recreation facilities and housing assistance.

11.10 Factors that Promote Effective Joint Consultation

- (i) Management should believe in joint consultation and also be seen by employees to believe in it, by implementing agreed resolutions of the committee, particularly when they are perceived to be objective and will impact positively on the system of work.
- (ii) The purpose and value of the committee should be clear to all, including all levels of management.

- (iii) There should be acceptance of the principle that employees will get their fair share of the rewards of increased productivity resulting from consultation.
- (iv) Officials and employees of the committee should be adequately informed of the issues to be discussed. Subjects for discussion must be properly defined and parties must be fair and objective in whatever issues are discussed.

11.11 Obstacles to Effective Joint Consultation

- (i) Misconception of the purpose and nature of joint consultation by parties.
- (ii) Management deceit.
- (iii) Union hostility and suspicion.

11.12 Nature of Workplace Conflict

Industrial conflict at the workplace signifies a symptom of disagreement concerning an individual or a group in respect of a contract of employment or condition of work. Sometimes, a situation that started as an individual grievance can develop into a collective dispute and can in turn have severe negative effects on the performance of an organisation and employees' commitment to work and morale.

The frequent manifestation of complaints and grievances by employees are signals of impending conflicts, which may have serious consequences for workflow. A conflict is a situation characterised by the inability of interacting parties at work to iron out their differences.

Industrial conflict can simply be defined as any situation in which there are incompatible goals or emotions within or between individuals or groups that lead to opposition or antagonistic behaviours. It is a total range of behaviours and attitudes that express opposition and divergent orientations between individuals and organisations, with the state (third party) as a mediator (Akinbode, 2017; Oladele, 2015; Fajana, 2006). The interests of these parties in the sustenance of industrial harmony may be threatened. Industrial conflict is the inability of the principal actors in the industrial relation system to reach an agreement on issues connected with the objects of the employment relationship between them.

11.13 Types of Industrial Conflict

There are two major types of industrial conflict. These are:

- (i) Organised Conflicts—this includes strikes, lock-outs and picketing etc.
- (ii) Unorganised Conflicts—these are autocratic supervision, removal of plants, absenteeism etc.

Industrial conflict begins when one party perceives that another party has been frustrated or about to frustrate his/her efforts.

11.14 Causes of Industrial Conflict

- (i) Non-recognition of trade unions by employers.
- (ii) Competition over resources.
- (iii) Personality clash.
- (iv) Autocratic management styles.
- (v) Communication breakdown.
- (vi) Unfair labour practices on the part of the principal actors.

11.15 Merits of Industrial Conflict

- (i) Conflict stimulates critical analysis of organisation plans, policies and objectives, forcing parties to re-evaluate and re-assess situations for the benefit of all parties and thereby encouraging parties to think carefully and thoroughly about issues that precipitate the conflict.
- (ii) Conflict is a precursor or opportunity to bring about positive change.
- (iii) Conflict can enhance group and organisational effectiveness.
- (iv) Conflict breeds competition between interacting parties in the system of work and can motivate parties to explore amicable solution(s) to a problem.
- (v) Conflict can create group cohesiveness, bringing about more cooperation for the overall benefit of all parties.

11.16 Demerits of Industrial Conflict

- (i) Attention is focused away from organisational goals and towards personal goals.

- (ii) Conflict encourages emotions, rather than reasons.
- (iii) Conflict interferes with the normal functioning of an organisation's processes.

11.17 Symptoms of Conflict in Organisations

The following are symptoms of conflicts in organisations, which if addressed proactively may not escalate to full-blown conflict:

- (i) Frequent and unwarranted arguments or bullying among employees.
- (ii) Hostilities and irritations.
- (iii) Unfair criticisms of individuals or work groups.
- (iv) Excessive formal interpersonal relations between employees.
- (v) Refusal to discuss or negotiate with the unions.
- (vi) Suspension of union officers or workers from the workplace.
- (vii) Absenteeism, alcoholism and industrial accidents at work.
- (viii) Redundancy and workforce rightsizing.

11.18 Grievance Procedure

Grievance is a complaint formally presented by an employee to management or union representatives on the issue(s) which negatively affects the well-being of an individual, his/her work or emotions. A grievance is a feeling which arises from grief and a feeling associated with perceived unfair treatment or injustice on an employee, which is not promptly attended to by the organisation.

A grievance is a feeling of resentment over something believed to be wrong or unfair by an employee in the organisation. It is an official statement of a complaint over a situation, or something related to the job of an employee, believed to be unfairly done to him/her, affecting his/her job, with which the employee feels dissatisfied.

11.18.1 Causes of Grievance

The causes of grievance are many and oftentimes can be complicated. What one party alleges as a cause of a grievance may be subsidiary to the main causes. However, the following are identified as the causes of grievance:

- (i) Grievance arising from the interpretation of collective agreement.
- (ii) Grievance arising from violation of the terms of an agreement.
- (iii) Grievance due to the shortcomings of an agreement.

11.18.2 Functions of Grievance Process

- (i) Settling interpretation problems that arise from differences of opinion on the terms of an agreement.
- (ii) Attending to demands for the adjustment of the terms of an agreement to local conditions.
- (iii) Applying the terms of an agreement to changing and unforeseen situations.

11.18.3 Steps in Grievance Procedure

The grievance procedure is a formalised set of steps which can involve management, local union representatives and/or external advisors. Since the introduction of collective bargaining, most organisations have established a formal process by which issues can be handled. In many cases, the grievance clause is incorporated into a collective agreement. The clause is an effective means for achieving healthy labour-management relations and for seeking concessions, which may have proved difficult during centralised bargaining. The clause is derived from collective agreement, which is a product of collective bargaining.

The following are the six (6) steps in the grievance procedure:

Step 1—An employee of an organisation desiring to raise any grievance with which he or she is directly and personally concerned shall in the first instance discuss the matter with his/her immediate supervisor in his/her unit or department.

Step 2—If a satisfactory solution is not achieved within two working days after the matter is raised at step 1, the employee accompanied by the union representatives may raise the matter with his/her manager, who shall give a decision possibly within four working days of their meeting.

Step 3—If a solution is not forthcoming at step 2, the employee may refer the matter in writing through his/her manager to the divisional head or departmental head. Within twelve (12) working days of the date of receipt by the departmental/divisional head of the letter of complaint, the decision of management shall be communicated to the employee through his/her manager.

Step 4—If the grievance has not been resolved at step 3, the local branch union committee shall refer the matter to the General Secretary, who may take it up in writing with the management of the firm. At this stage, management is expected to convey its decision to the local branch committee within seven days after the date of the last session of the local branch union committee meeting.

Step 5—Where the matter remains unresolved at the last stage, it may be referred by either party to the Federal Ministry of Labour and Employment, in accordance with the provisions of the Trade Disputes Act.

Step 6—Where parties cannot resolve the matter with the officer(s) of the ministry as Conciliators, the matter is referred by either party to the National Industrial Court for settlement.

11.19 Discipline and Disciplinary Procedure

Discipline in organisations is vital, as everyone must adhere to rules and regulations for the effective running of an organisation. Without discipline exhibited by employees, irrespective of their status, the workplace becomes chaotic. Through discipline, good behaviour is recognised, while bad behaviour attracts different degrees of sanctions. Through this process, orderliness, efficiency and effectiveness in workplaces is guaranteed.

Employee discipline is the regulation of human activities in the work system, which will generate controlled employee performance. The main purpose of discipline is to ensure that workers behave sensibly and that safety at work is sustained. Discipline encourages self-control, orderly conduct and dedication of employees. Employee discipline means orderliness, obedience and maintenance of proper subordination among employees. It is the actions imposed by an organisation on its workers for failure to follow the organisation's rules, regulations, standards and procedures.

11.19.1 The Purpose of Disciplinary Hearing

- (i) To hear the relevant evidence in connection with the alleged offence.
- (ii) In the light of the evidence, to give a verdict that is as fair and balanced as possible.
- (iii) To gain a clear picture of the employee's disciplinary history.
- (iv) To persuade the employee to accept responsibility for his/her unacceptable behaviour and the sanction that it may attract.

- (v) To prevent the recurrence of the behaviour.

11.20 Approaches to Discipline

Management can adopt two basic approaches to discipline. These are the negative and positive approaches. The negative approach regards discipline mainly as a punishment management. Through this approach, employees who violate the rules and regulations are sanctioned. The positive approach involves a worker being corrected for his/her unacceptable behaviour. The employer plays a corrective role to prevent similar behaviour in the future. However, the employee is disciplined, while the employer maintains its interest in the individual as a valuable employee. Here, punishment is secondary, and its application is corrective.

Employees in workplaces are expected to keep within the rules and regulations guiding their behaviours and in the process of working within the organisation. However, where an employee violates the rules and regulations, he/she will be giving a query, with a reply or response within a period of Twenty-four (24) hours, after receiving the query.

The following are the categories of offences in organisations:

- (i) Stealing
- (ii) Telling lies
- (iii) Foul languages
- (iv) Engaging in private business
- (v) Conviction of criminal charges
- (vi) Fighting on duty
- (vii) Selling products in the office
- (viii) Truancy
- (ix) Insubordination
- (x) Disobedience to lawful orders
- (xi) Smoking on duty
- (xii) Deliberate damage to the company's property
- (xiii) Drunkenness on duty
- (xiv) Embezzlement
- (xv) Sleeping on duty

Upon serving the employee a query for his/her unacceptable behaviour, the following are the types of sanctions available to the employee:

- (i) **Verbal warning**—this is usually given when less serious offences are committed by an employee.
- (ii) **Written warning**—this is given to employees for relatively serious offences. Management conducts a proper investigation of the offence and also gives the employee a fair hearing. In some organisations, this is referred to as First Warning.
- (iii) **Serious Written Warning or Second Warning or Final Written Warning**—this is the warning given to employees who have committed different offences repeatedly and have been verbally warned and have been given a first warning letter.
- (iv) **Transfer**—this is sometimes a satisfactory disciplinary measure. Management must be convinced that it will solve the problem of employees misbehaving in future.
- (v) **Suspension**—employees can be suspended from work for six (6) months or more during which he/she collects half of his/her salary. Suspension at this stage will prevent the employee from interfering with or influencing the investigation of his/her offences. Where an employee is adjudged to have committed the offence, he or she may be demoted to a lower rank or position and may be dismissed where management feels highly uncomfortable to keep the employee in the services of the organisation.
- (vi) **Dismissal**—this is applied where the relationship of trust has become irreparably severed and/or after the employer has adopted all reasonable measures to rectify the employee's behaviour(s) without success.

11.21 Disciplinary Procedure

Managers in organisations are expected to follow the disciplinary procedure for the smooth running of the business and continuous good behaviour of employees.

- (i) They must assess a behaviour to determine if it constitutes a break of any rules.
- (ii) Be adequately informed of the circumstances of the offence.
- (iii) Issue a letter of query.
- (iv) Give the offending officer enough time to respond to the query.
- (v) Exercise caution that the intention of the query is not for punishment or victimisation.

- (vi) The offending officer should have access to all relevant information.
- (vii) Commission an investigation when a reply to the query is submitted.
- (viii) Convey the outcome of the findings to the offending officer.
- (ix) Use civil language to show that the objective is to correct, control, and rehabilitate the unacceptable behaviour of the officer, rather than merely punishing or suppressing the officer.
- (x) Record the decision for future reference.
- (xi) Where the officer is not culpable, he/she should be absolved of the offence and the case is not cited in future.

11.22 Disciplinary Measures

- (i) Termination, compulsory retirement or dismissal
- (ii) Reduction in rank or position
- (iii) Salary reduction
- (iv) Withholding or deferment of increment in salary
- (v) Delay in the confirmation of appointment or promotion

11.23 Corporate Social Responsibility

Corporate social responsibility is the responsibility of for-profit and not-for-profit organisations for their impact on stakeholders, the natural environment, and wider society. It focuses on accountability and transparency of corporate actions that include social, ethical, environmental, philanthropic and economic efforts, which are often voluntary and placed within and outside of market and commercial transactions.

The World Business Council for Sustainable Development defines corporate social responsibility as the “continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families as well as of the local community and society at large” (WBCSD 2000).

Organisation for Economic Co-operation and Development (OECD) views corporate social responsibility as the “Business contribution to sustainable development.” Consequently, corporate behaviour must not only ensure returns to shareholders, wages to employees, and products and

services to consumers, but they must respond to societal and environmental concerns and values (OECD 2001). It is a behaviour by businesses over and above legal requirements, voluntarily adopted.

Businesses need to integrate the economic, social and environmental impact in their operations. CSR is not an optional “add-on” to business core activities, but about how businesses are managed. The concept of corporate social responsibility (CSR) was born in discussions about the role of business in society. It rose from societal concerns about negative outcomes of business operations such as child labour, poor working conditions, unpaid overtime, and environmental degradation. Currently, it is widely used to define non-commercial relations between corporations with other social actors and society at large. It is often used with reference to for-profit organisations (e.g., commercial enterprises, businesses, corporations with other social actors and society at large. There are four major types of corporate social responsibility. These are economic responsibilities, philanthropic responsibilities, ethical/environmental responsibilities and legal responsibilities.

11.24 Workforce Diversity

Workplace diversity refers to the individual characteristics employees have that make them unique. These include gender, sexual orientation, physical abilities and ideologies. As businesses look for ways to enhance their company’s culture and overall productivity, one area of improvement may be diversity in the workplace.

Diverse and inclusive work environments help employees feel welcomed and valued and help to boost their morale. Boosting their morale increases their motivation to produce and deliver quality services.

Workplace diversity refers to the individual characteristics employees have that make them unique. The workforce diversity definition can include gender, race, ethnicity, religion, age, sexual orientation, physical abilities and ideologies. Diversity also includes employees’ life experiences, how they solve issues and socio-economic status.

Examples of workforce diversity include

Cognitive Diversity: Employees have different styles of thought in recognizing problems and finding solutions. Lifestyle diversity- People lead various lifestyles outside of work that influence their professional lives.

Brand and Reputation Diversity: Some companies are more inclusive in their hiring practices and creating teams, which can help attract more diverse employees.

Diverse and inclusive businesses can help employees feel more connected and welcome in the workplace. When employees feel appreciated at work, productivity and innovation tend to increase.

Advantages of Workforce Diversity

- (1) Increase employee productivity: employees who feel included and represented at work may experience higher job satisfaction and, invariably higher productivity.
- (2) Better innovation and Decision-making: Diverse organisations tend to experience a higher degree of employee innovation, as teams and employees represent a variety of unique perspectives drawn from dimensions like gender and culture
- (3) Expanded Candidate Pool: employees from diverse socio-economic, and cultural backgrounds, diverse experiences and orientations.
- (4) Improve Trust and Culture: employer and employee trust is crucial to a healthy work culture. By promoting diversity and inclusivity in the workplace, organisations can improve trust and rapport with employees.

11.25 Emotional Intelligence

Emotional intelligence is the capacity to be aware of, control and express one's emotions and handle interpersonal relationships judiciously and emphatically. It is the key to both personal and professional success.

Emotional intelligence is the ability to manage both one's emotions and understand the emotions of people around you. There are five key elements to emotional intelligence, these are self-awareness, self-regulation, motivation, empathy and social skills. It is important, as it helps an employee to build relationships, reduce team stress, reduce conflicts and improve job satisfaction.

It is expected that a person who is in touch with his or her feelings will have a stronger chance of effectively leading those he or she is responsible for leading.

It is a type of social intelligence, also referred to as emotional quotient, which is the ability to manage and monitor one's own, as well as other's emotions, to discriminate among them and to use available information to guide one's thinking and actions.

11.26 Conclusion

Organisations are reflections of society, and it is the system saddled with the responsibility of producing goods and services for society. Organisations exist in the economic system of any society, with the main goals of solving the economic problems of societies, in terms of what to produce, how to produce, for whom to produce and how to distribute what is produced.

The system of production brings together individuals from different socio-economic backgrounds who are compelled to work together for a common purpose. The interacting partners in the productive system are the employers, employees and the State. The system of work has institutionalised collective bargaining, joint consultation, disciplinary measures and grievance procedures to ensure that the relationship between the principal actors remains peaceful.

11.24 Practice Questions

- (1) Negotiation on the collective bargaining table requires that negotiators should be tactful and well-equipped with strategies. Discuss.
- (2) Joint consultation is advisory in nature. Discuss.
- (3) What factors determine the effectiveness of collective bargaining?
- (4) Clearly define and discuss the concept of collective bargaining.
- (5) Industrial conflict is not dysfunctional. Discuss.
- (6) Distinguish between collective bargaining and joint consultation.
- (7) List and explain the causes of industrial conflict.
- (8) Explain the steps involved in the grievance procedure.
- (9) Discuss the disciplinary procedure accepted in organisations.

Multiple Choice Questions

- (1) Collective bargaining produces
 - (a) Four agreements
 - (b) Six agreements
 - (c) Two agreements
 - (d) Only one agreement
- (2) The following are the functions of collective bargaining the employer except
 - (a) It reduces the level of conflict.
 - (b) It allows employers to attend to complaints and grievances of employees on time.
 - (c) Promotes peaceful industrial relations system
 - (d) Gives the employer the power to force employees to work
- (3) The following are factors that make collective bargaining effective except
 - (a) Ability to negotiate skilfully
 - (b) Favourable technological climate
 - (c) Favour political climate
 - (d) Recognition of trade union
- (4) Disciplinary measures include the following except
 - (a) Termination, compulsory retirement or dismissal.
 - (b) Reduction in rank or position.

- (c) Reduction in salary
- (d) Recognition and salary award
- (5) Joint consultation is
 - (a) Part of the collective agreement
 - (b) Advisory in nature
 - (c) Compulsory for management to accept its recommendations
 - (d) All of the above
- (6) Industrial conflicts include the following except
 - (a) Picketing
 - (b) Lockout
 - (c) Carrot and stick
 - (d) Strikes
- (7) The following are the categories of offences in organisations except
 - (a) Stealing
 - (b) Telling lies
 - (c) Foul languages
 - (d) Obedience to constituted authority
- (8) The purpose of a disciplinary hearing is
 - (a) To hear the relevant evidence in connection with the alleged offence
 - (b) In the light of the evidence, to give a verdict that is as fair and balanced as possible
 - (c) To gain a clear picture of the employee's disciplinary history
 - (d) All of the above
- (9) Functions of the grievance process include
 - (a) Settling interpretation problems that arise from differences of opinion on the terms of an agreement
 - (b) Attending to demands for the adjustment of the terms of an agreement to local conditions
 - (c) Applying the terms of an agreement to changing and unforeseen situations.
 - (d) All of the above
- (10) The following are the causes of grievance
 - (a) Grievance arising from the interpretation of collective agreement.

- (b) Grievance arising from violation of the terms of an agreement.
- (c) Grievance due to the shortcomings of an agreement
- (d) All of the above

Case Study

Arewa Plc.

Recently the appointment of Mr. Akin Lewis, a foreman who happened to be the secretary of the branch union was terminated for “job abandonment”. Mr. Lewis had reportedly been absent from work for 5 days without permission.

Arewa Plc. is a footwear company located in Ota, Ogun State. Following the company’s action on Lewis, the National Union approached the management with a copy of the union’s letter asking for permission for Lewis to be released for a union executive meeting during said period. In fact, Lewis claimed to have approached the Human Resource Manager who gave him the go-ahead (verbally), following the presentation of his copy of the letter from the National Union. The National Union pleaded for Lewis’s reinstatement on the ground that his absence from duty was excused as provided for by the Procedural Agreement between the Employers’ Association and the National Union.

Management claimed that it did not receive any letter from the National Union and was also not aware of any approach by the branch union secretary for permission to attend any union function.

Management had not been happy with Lewis’s work habits over the months and believed it was time to take final action.

Four days after the union pleaded for Lewis’s reinstatement, management received the said letter seeking his release from the union’s activities. The letter had a postage stamp fixed but no postmark on it, that it was posted. There is a high possibility that industrial unrest was inevitable.

Questions

- (1) Assess the position of management and the union.
- (2) Suggest how the matter can be amicably resolved

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SOLUTIONS TO MULTIPLE CHOICE QUESTIONS

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3	C	D	D	C	B	C	C	D	D	A	B
4	A	A	A	A	D	B	A	A	A	A	D
5	A	A	A	A	C	B	A	D	A	D	B
6	A	A	D	D	A	B	B	D	A	D	C
7	D	A	A	C	B	A	D	D	C	C	D
8	D	A	D	D	D	C	A	A	C	D	D
9	D	D	D	D	C	C	A	C	B	D	D
10	A	A	D	A	B	A	B	D	B	A	D