

Human Resource Management and its Implications on Organizational Performance: The Case of the Industrial Training Fund (ITF)

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Abstract

A review of prior literature presupposes the existence of negative correlation between human resources and organizational performance, even though workplace performance is to a large extent determined by effective management of human resources. Against which the studies interrogate the viability of aforementioned claims, with a view to ascertain the challenges of performance in the workplace particularly as it concerns the internal workings of the Industrial Training Funds (ITF) in Nigeria. Employing the secondary method for data collection and analysis of textual qualitative data, the research adopts ability, mobility and opportunity theory to interrogate the interplay between human resource management and organizational performance in the ITF. The findings from the research revealed that the factors that militate against organizational performance are a product of a faulty system built around human resource management. The study recommends institutional building and manpower development as panacea for organizational performance.

Key Words: Human Resource, Human Resource management, Organizational Performance

Introduction

The development of human resource management as a yardstick for stepping up organizational performance cannot be overstated as it has become one of the criterium for the development of both the individual and the nation at large. In other words, the development of any nation depends to a large extent on the calibre, organisation and motivation of its human resources. Human resources are the life blood of an organisation and to a large extent has been proven to be most relevant in the chain of resources available for performance. Despite the application of technology in modern business management, human resources are still relevant and most adaptive resources of the organization. In line with that submission, it is worthy of note that the strategic values of the Human resource stems from the fact that apart from other resources

employed in the course of production (land, capital, technology etc) which are passive, human resources are endowed with discretionary decision-making power and have competitive advantage over other resources. Besides, human resource combines other resources in the right mix to formulate appropriate strategies for the accomplishment of the desired objectives of the organisation, this essential attribute of the human element assists firms to make rightful decisions and respond effectively to the threats within the environment of the organization. Thus, firms depend largely on its human resources for success and survival. This dependence is continuously increasing considering the turbulent nature of the business environment in a globalised economy. However, the right practice of human resource management in this part of the world leaves much to be desired. Hence, the idea behind the study.

It is worthy of note that the importance of human resource has been studied extensively to reflect individual, team or organizational level performance outcomes. The impact of good and effective human resource management practices has been long proven to influence individual employee productivity team as well as organizational performance (Abdul et al., 2011; Pak et al., 2018). However, this study elucidates on the best practices of human resource management when one considers productivity in an organization particularly as it concerns the Industrial Training Fund and as it concerns organizational performance in general.

In what follows, the study gives primacy to concepts considered relevant to this study; it situates the entirety of this paper within the confines of the Ability, Motivation and Opportunity theory (AMO) as well as conducted its research on the premise of the secondary methods of data collection. Findings made were revealed in line with the relevance of human resource management in the development of an organization; conclusions and recommendations were equally exposed.

What is Human Resource Management?

Making inferences from the position of (Tarka 2015), this study opines that; Human resources are used to describe both the people who work for a company, organization and the department responsible for managing resources related to employees. The term human resource was first coined in the 1960s when the value of labour relations began to garner attention and when notions such as motivation, organizational behaviour, and selection assessments began to take shape.

Collaborating the view of Tarka (2015),Luftim (2014) defined human resource as one of the most important resources available to today's firm because people use other assets in an organization to create competitiveness and realize objectives. From this definition, we can refer to human resources as individuals or personnel or workforce within an organisation responsible for performing the tasks given to them for the purpose of achievement of goals and objectives of the organisation which is possible only through proper recruitment and selection, providing proper orientation and induction, training, skill developments, proper assessment of employees (performance appraisal), providing appropriate compensation and benefits; maintaining proper



labour relations and ultimately maintaining safety, welfare and health concern of employees, which cumulatively constitutes the processes of human resource management. The concept of Human Resource (HR) and Human Resource Management (HRM) underpins all the activities of personnel matter in an organization. William (2016) in "The Human Resources Glossary," defines Human Resources as: "The people that staff and operate an organization," as contrasted with the financial and material resources of an organization.

The above scholarly opinion captures the essence of human resource management but is limited in scope particularly as it concerns the individual that is the hub of human resource management. Hence, this research factors in the perspective of considering how the individual functions and by extension, conceive of human resource management in the aspect of production and actualization of organizational goals by stating that; behind the production of every product or service, there is a human mind, effort and man hours (working hours). No product or service can be produced without the help of human beings.

In furtherance of that, it is worthy of note that Human beings are the fundamental resource for making or construction of everything. Every organization desire to have skilled and competent people to make their organization more vibrant and goal oriented. Therefore, human resource management is meant for the proper utilization of available skilled work force and to make efficient use of existing human resource in the organization.

Today many experts claim that machines and technology are replacing human resource and minimizing their effort. However, machines and technology are built by humans only and they need to be operated or at least monitored by humans and this is the reason companies are always in hunting for talented, skilled and qualified professionals for the continuous development of the organization. Therefore, humans are crucial assets for organizations, although today many tasks have been handed over to artificial intelligence, but they lack judgmental skills which cannot be matched with human mind.

According to (Cole 2009), organisation is the formal structure of authority through which work sub divisions are arranged, defined and coordinated for the defined objective. Simon (2018) contends that by organization we mean a planned system of cooperative efforts in which each participant has a recognized role to play and duties and task to perform. As earlier mentioned, organization is generally used with at least three different meanings. However, some thinkers believe that organization is simply designing the structure and nothing more. For example, (Osemeke, 2009) restricts the meaning of organization only to designing of the administrative machine. He defines it as "determining what activities are necessary to any purpose and arranging them in groups which may be assigned to individuals" his approach is called structural or traditional approach. Other administrative thinkers oppose this view and hold that firms are essentially a network of human relationship urging that these facts should not be lost in the study of an organisation. An organization is not merely a structural framework, it is both a structure and network of social relationships, and as such any organizational theory must be basically human. Writers who conceive organization from the humanistic perspective contend that it is



essentially a human phenomenon. According to them, organization or enterprises are a group of people whose efforts are so related that they all fruitfully contribute to the achievement of set objectives and goals.

The human factor should never be ignored in any theory of organization in the words of Okoh (2005) “organizations are social units (or human groupings) deliberately constructed and reconstructed to seek specific goals”.

Concept of Organizational Performance

There is no globally accepted definition of performance as it is a concept that defiles a unilateral meaning. However, the view of Andersen (2010) suffices in the context with which this research is premised. He looks at the concept from an array of suitable indicators of organizational performance which entails process, perspective, performance and transformation from inputs to outputs in order to accomplish specific results. He also conceives it from an economic perspective; where he opines that performance is focused on efficiency and effectiveness of the organization in managing their cost and outcome.

Onyemesim (2008) holds that organizational performance is the organization’s ability to attain its goals by using resources in an efficient and effective manner”. In other words, the organizational performance concerned with the effectiveness, productivity, efficiency or excellence factors of an organization, whereby the factors are measured against the intended output (performance). Narrowing the ideas embedded in the definitions offered so far as it concerns our research, it is worthy of note that performance, productivity, inputs and outputs of an organization depends on the quality of their human resource.

Taken to the extreme, it can be said with certainty that the ITF is not on the pedestal of an ideal organization with the requisites of human resource management as a lot is left out in terms of management, efficiency of staff and excellence. This position is upheld by the views of Oshionebo (2007) when recruitment, replacement and job satisfaction were considered in the ITF.

On another scale, organisational performance is measured as the organisation’s ability to attain its goals by using resources in an effective and efficient manner. Again, the views of Gerhert(2005) buttresses this further when he opined that; We can put organisational performance as the actual output or results of an organisation as measured against its intended outputs, that is; goals and objectives merged together for a greater good of the organization.

To measure this further, the Ability, Motivation and Opportunity Theory becomes handy. Hence, the theoretical framework of this study.

Theoretical Framework: Ability, Motivation and Opportunity Theory (AMO)

The central point of the Ability, Motivation and Opportunity theory (AMO) is premised on the tenets of the classical Ability Motivation Opportunity (AMO) framework as postulated by Bailey (1993) which emphasizes the necessity of employees to possess abilities, motivation and be given opportunity to perform.

The theory (AMO) has been largely accepted for explaining the linkage between human resource management and performance and would serve as the premise within which this study is situated.

The AMO framework was initially proposed by Bailey (1993), who suggested that ensuring the employee's discretionary effort needed three components: employees had to have the necessary skills, they needed the appropriate motivation and employers had to offer them the opportunity to participate. Based on this model and drawing on the concept of High-performance work systems (HPWS), the model was further developed by Appelbaum et al., (2000), and its acronym stands for the three elements that enhance employee performance in a work place. Worthy of consideration in this theory also is the tenets of individual abilities such as motivation and the opportunity to participate. According to the theory, people perform well when they have the capabilities, they have the adequate motivation and their work environment provides them opportunity to participate.

The theory is comprised also of basic concepts of psychology (Kroon et al, 2013), which are related to systems that shape individual characteristic, ensuring that employees have the appropriate abilities, motivational capabilities and the ample opportunity for enhanced discretionary behavior that empowers them toward organizational outcomes Harney & Jordan, (2008). Ability dimension is usually defined by the acronym KSA (knowledge, skills, and abilities). Thus, ability enhancing practices aimed to improve the components of motivation, opportunities and capabilities. Examples of these practices are employee recruitment techniques or formal training Kroon et al., (2006). The theory deals with an employee desire to perform, which can be enhanced by extrinsic or intrinsic motivation. The theory introduces the opportunity dimension, based on job design. Hence opportunity takes into consideration not only individual characteristics but also the work environment.

Therefore, Huselid (1995) and Appelbaum, et al (2000) stated that organizations must ensure accurate recruitment and selection process to ensure capable and skilled workers in the right job placements. For employees to use their discretionary practice, they need to be motivated with either extrinsic, intrinsic or trust factor Appelbaum et al (2000). Extrinsic can be financial such as performance pay or commission, incentive pay. Intrinsic pay comes from inner satisfaction and finally, when an organization can enable an environment that is trustworthy and encouraging, then employee's feel valued and wanted. If all these motivational factors are absent, then employees tend to be absent or likely leave the job. The opportunity to be involved in decision making process in an organization gives employees the sense of involvement,

engagement and enhances wellbeing. (Wood and Wall, 2007, Boxall & Macky, (2009) and Appelbaum et al, (2000).

The theory is however criticized by the proponents of the scientific management theorists such as Fredrick Taylor (1967) based on its complexity and too much emphasis on the individual and his role in the workplace to the detriment of organizational goals and objectives.

This theory is considered appropriate for this study due largely to the fact that its tenets reflect completely the conditions of an employee in a workplace. Its core principles reflect the ideal values of a vibrant human resource development practice in an organization.

Also, due to the popularity of Ability Motivation Opportunity (AMO) theory in postulating the effect of HRM practices to organizational performance, the theory is then used to highlight the respective issues in this study. Under AMO theory, HRM is exerted by boosting employee's ability through enticing and developing employees to become high-performer, augmenting employee's motivation and commitment by giving conditional rewards as well as conducting effective performance management and lastly providing an opportunity for employees to involve in knowledge-sharing and problem-solving activities.

In furtherance of that and from a practical point of view, the role of Human resource management as depicted in the theory above is measured in the Industrial Training Fund.

Human Resource Management Practices in ITF as an Institution of Government

Throughout its history, the Industrial Training Fund (ITF) a grade A parastatal under the Federal Ministry of Industry, Trade and Investment, has been in the forefront of Federal Government's initiatives designed to industrialize and grow the national economy through ceaseless infusion of streams of qualified Nigerians necessary for the actualization of these initiatives.

Through its numerous programmes and interventions, it has equipped over 20 million Nigerians with cutting edge skills in various trades and crafts that have contributed tremendously to national growth and development (ITF Monthly Bulletin, 2019). But in spite of the achievements, and strides recorded by the ITF, the assumption of power by President Muhammadu Buhari imposed on the fund the challenge to do more if the country were to successfully overcome the prevailing challenges and drive the achievement of the economic diversification agenda of the Federal Government (FG) and other policy goals including fighting corruption, provision of adequate security for lives and property, job creation, reduction of youth unemployment and entrepreneurial development. Most of these goals require extensive human capital development interventions for their achievement.

To meet these fresh expectations, the ITF in year 2016 reviewed the activities of the fund and came up with a plan that was targeted at not only radically repositioning and refocusing the organization to effectively deliver on its mandate, but also reinventing its approaches for the achievement of its corporate goals and realization of national goals (ITF Bulletin, 2017).

The plan tagged ITF Reviewed Vision: Strategies for Mandate Actualisation, which captures ITF policy directions in quick wins, medium term and long-term goal, followed several plans – the ITF Blueprint, the ten-year strategic plan and the four-year Road Map- which ITF had implemented within the last 15 years. Its scope and breadth were premised on the firm belief that the success of most key Government Programmes and recovery from economic recession rested on organizations such as the fund fully actualizing their mandates.

The six-year plan which commenced in late 2016 and will terminate in 2022, was designed to aggressively address service challenges, infrastructure deficits, revenue and a gamut of other structures impinging the actualization of the fund's mandate. It was captured in quick wins, medium and long goals, with strategies and firm timeline for achievement.

According to the plan under the quickwins, which are activities intended to have the immediate effect on the economy, the ITF would implement strategies to boost job creation, reduce poverty and create wealth. In the area of Agriculture, which was the mainstay of Nigeria at independence and a key component of the economic diversification agenda of the FG, the Fund intends to develop the capacity of Nigerian farmers along the agricultural value chain. Specific area targeted by the plan includes fish farming, poultry production, crop production, Agric mechanization, Agric business and post-harvest management, manure production, farm management and water resource management.

To actualize this, the Fund, beginning from early 2017, commenced the training of 17,000 unemployed youths using its Industrial Skills Training Centre (ISTC) in kano and the Centre for Excellence in Jos, and underdeveloped lands owned by the ITF in some states for the establishment of demonstration farms. The Fund is also actively seeking collaboration with States, Ministries of Agriculture, and existing local farmers, farmers' association like Fadama project for farm equipment, seedlings and capacity building and is also exploring the possibility of financial grants from international and local agencies including Food and Agricultural Organisation (FAO), Central Bank of Nigeria (CBN) and Bank of Industry (BOI) amongst others. The emphasis of the plan on agriculture was premised on the conviction that to ensure food security and conserve the huge foreign reserve that is currently expended on the importation of food items, the requisite capacity of Nigerians in this area must be developed.

Agreements have been entered with the Galilee International Management Institute (GIMI) of the state of Israel for the training of internal workforce to actualize the agricpreneurship programme. In addition, and in a view of soaring unemployment, especially among the youth; a situation that has been made worst recently by the global economic recession, the ITF has started implementation of strategies that will directly lead to jobs. To this end the Fund has commenced the development of skills of Nigerians in the construction and the services industry sectors. These sectors have been targeted in view of the obvious skills gap and their potential for job creation. In the construction sector, the fund has initiated programmes that will equip Nigerians with skills in these areas: welding and fabrication, metal works, tiling,

masonry, block and brick making, plumbing and pipe fitting and the plaster of Paris (POP) (Training Mandate, 2017).

There is a perceived gap in the levels of manpower development and performance in organizations in Nigeria particularly as it concerns the public sector development. This is in spite of the huge resources both human and material available to the ITF, the level of performance of the subsector has remained abysmally low. The background to the setting up of the Industrial Training Fund (ITF) as a manpower Training and Development agency of the Federal Government of Nigeria (FGN), charged with the provision of needed skills knowledge and attitude for improved efficiency and productivity in the industrial sector of both the public and private sector of the Nigerian economy has not been met.

In line with its mandate, the ITF has carried out various training programs for Nigeria's teeming indigenous workforce. The training programs are expected to bridge the skill-gaps between actual and desired job performance and equip employees with relevant skills and competencies that distinguishes exemplary job performance from average performance. However, despite the emphasis by the Federal Government and the Fund's efforts at training, reports from various sources have consistently shown that there is still shortage of highly skilled manpower in various sectors of the economy.

Despite the existence of Human Resource department in the Fund, the Fund had encountered series of operational challenges which hindered its performance and full discharge of its mandate. Promotion is haphazard; staff training uncoordinated and staff welfare left much to be desired. These are obvious gaps and short comings in the structure, operations, processes and procedures of the Industrial Training Fund (ITF Roadmap, 2014).

Implications of Human Resource Management on Employee Performance in the Industrial Training Fund

Globalization, communication and information technology have impacted on business and made them more competitive, such that what happens in one economy has ripple effect in the other economies. The Federal Government put in place some intervention measures especially in the banking sector and other service-oriented establishments. Some hitherto comatose enterprises were resuscitated and there was some improvement in production and capacity utilization in the manufacturing sector. The measures taken by government had implications for human resource development. In her quest to surmount the challenges of survival and growth in competitive global environment, the Industrial Training Fund whose priority has always been to remain relevant and provide excellent service to her numerous clients, puts a number of measures in place. One of the measures is the amendment of the ITF Act by the National Assembly and accented to by the then President Commander -in Chief of the Armed Forces, Federal Republic of Nigeria, Goodluck Ebele Jonathan in June 2011 (now an ACT of the National Assembly), with the sole aim of promoting and encouraging the acquisition of skills in industry and commerce in order to generate a pool of indigenous trained manpower sufficient enough for the

needs of the national economy. This further broadens the scope of operations of the Fund, which includes bringing the experience, expertise and expansive network of the fund to bear on the nation's development and industrialisation in general. To surmount the challenges in technical and vocational education, Human Resource Development (HRD) and Information & Communication Technology, the Fund has continued to intensify internal capacity building both within and outside the country, national and international training collaboration, study tour and the recruitment of competent human resources.

The ITF and the Challenges of Human Resource Management

In spite of the brilliance inherent in the activities of the ITF it is not without challenges as this paper has found out that other measures have to be employed in the enhancement of the activities of the ITF to improve performance across board. The key findings in this work show that; there is need for improvement of staff welfare in every organization and the ITF is not left out in this regard as such, the ITF can function optimally through improvement of her internal workings to suit the purpose of its establishment. Finally, the relevance of the ITF in human resource management and organizational performance cannot be overstated hence there is the need for concerted efforts to ensure its sustainability in the interest of manpower development in the country.

Conclusion

It is worthy of note that this study unravelled within its confines the attendant issues relating to human resource management and organizational performance in the ITF and how it has impacted on the development of the country and promoted performance across boards. The emphasis on the role of the ITF in human resource management is to guarantee the proper utilization of available manpower in the country as it has been observed that the challenges of the ITF in the optimization of its mandate undermines performance and in the long run has the possibility of retarding the development of the country in general as the greatest resource of any nation is her human resource. It is the human resource that is harnessed to account for the efficiency of the system and by extension, the catalyst for the successes of the government and the welfare of the citizenry in general. Suffice to say that the menace of poor organizational performance is the major economic problems confronting most organizations in Nigeria today. The consequences of the poor management of resource within the country is alarming and the way out of it is the enhancement of the mandate and functions of the ITF.

5.3 Recommendations

In line with problems identified in the study, the following recommendations may be useful to both government and the ITF:

- i. The government of Nigeria through the National Assembly and the Ministry of Labour and Productivity should come up with good legislations and institutional framework to enhance the activities of the ITF particularly in the aspect of training and development of the right manpower targeted at the effective utilization of human resource management.



- The benefit of that would be enormous particularly as it would guarantee improved organizational performance in all sectors of the economy.
- ii. There is need for reorientation, sensitizations and education of people about the adverse effect of a poor culture of human resource management both in the ITF and in the country at large. The Nigerian government through the National Orientation Agency should develop capacity building approaches in the promotion of professionalism in all sectors of the economy particularly as it concerns human resource management practices.
 - iii. There is the need for policy coherence in relation to manpower development in the country. There is the need also to promote the internal mechanisms of the ITF to accommodate every interest that would guarantee performance ranging from a workable reward system, a good promotion policy and increased remuneration as all that have the capacity to promote performance in all spheres.

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