

**IMPACT OF HUMAN RESOURCES
MANAGEMENT PRACTICE ON ORGANIZATIONAL PR
ODUCTIVITY
(A STUDY OF OLAM FLOUR MILLS INDUSTRY, ILORI
N, KWARA STATE)**

BY:

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MINISTRATION (BAM)**

CERTIFICATION

This project work has been examined and approved as meeting the requirements of department of business administration and management, institute of finance and management studies, Kwara State Polytechnic, Ilorin, Kwara State.

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DEDICATION

I dedicate this project to almighty Allah, the beneficent and the most merciful. The one who blesses and empower me through difficult and stern period of life, and also dedicate this project to my lovely parents and my siblings

ACKNOWLEDGEMENT

All glorifications, adoration, thanks goes to Almighty Allah, the creator of guidance over my life and completion of my Higher National diploma program in Kwara State Polytechnic

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Sincere appreciation goes to my parents, firstly my late daddy Alfa Oba may his soul rest in peace and also my mummy may u live long in fullness of joy and everlasting happiness and sound health to witness more our successes.Amin

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The survival of any organization in the competitive society lies in its ability to train its human resource to be creative, innovative, inventive who will invariably enhance performance and increase competitive advantage (Vemic, 2007). Training and development is an aspect of human resource practices that help in enhancing employees' skills, knowledge, and competence capable of improving employees' ability to perform more efficiently P

alo & Padhi, [2003]. Training and development play a vital role in the effectiveness of an organisation Goldstein & Ford [2006]. It is one of the most pervasive techniques for improving employees' performance enhancing organisation productivity in the work place Gupta & Bostrom, [2006]. Employees are the indispensable asset and key element of gaining competitive advantage of any organization and training is essential tool for its actualization Hoyer, [2006]. The level of competency, skills and ability of the workforces of an organization influences its ability to preserve its obtained positions gain competitive advantage Armstrong, [2010]. Lazar (2001) stated that human resources ensure the right numbers of people at the right time doing the right thing to ensure that goals are achieved. However, people are not forced to belong to the human resource of an organization rather, it is a person's determination, zeal, expertise, and ambition that makes one belong to the work force of an organization.

However, managing human resource is an extremely challenging task compared to managing capital or technology. Therefore human resource is the most important asset of an organization. It forms a greater and reasonable portion of organization's resources. Human resources is directly connected to the success of an organization, as it is a well established fact that hu

Human resource is concerned with employees or manpower, and it is human beings behind the machines which can drive or drown the organization. Therefore, human resource must be planned and the processes by which management attempts to provide for its human resource to accomplish its task must also be determined.

Human Resource Management (HRM) is the process of making best use of human resources in an attempt to achieve the organizational goals. It can be noted that HRM is all about control of human factor (employees), procurement, recruitment, selection, training, appraising, compensating and developing the employees to achieve goals. However, to achieve these goals and objectives, it needs employees who are to fulfill the available operations but when this human factor is not effectively utilized, the organization will hardly achieve its objectives.

HRM is composed of the policies, practices and system that influence employees' behavior, attitude and performance. (Gerbat and Wright, 2007). HRM is also a strategic and a comprehensive approach to managing people and the work place, culture and environment. Effective HRM enables employees to contribute effectively and productivity to the overall company direction and the accomplishment of the company's goals and objectives. (Susa

n, 2005). Human Resource Management (HRM) practices refer to the organizational activities directed at managing the human resource and ensuring that resources are skilled and competent employees towards the fulfillment of organizational goals.

Bailey contended that human resources are frequently under-utilized and that HRM practices can affect discretionary efforts through their influence over employee skills and motivation and through organizational structures that encourage participation among employees and allows them to improve on how their jobs or duties are performed. Cross-function teams, job rotation and quality circles are all examples of such structures. However, if HRM practices are recognized and implemented in organizations, then will it have a positive impact on firms' productivity?

1.2 STATEMENT OF THE RESEARCH PROBLEM

In Nigeria today, there have been arguments as to whether HRM practices should be practiced and implemented in organizations. Also suggestions on the effective and efficient Human Resource Management (HRM) practices that can perfectly contribute to organizational productivity have also been debated. Many scholars like Wright and McMahan (1992) and Bailey (1991) argued that these practices are not adopted and recognized in organizations.

ons, which drowns the productivity of these organizations.

Human Resource Management (HRM) practices such as employee decision making participation practices e.g. consultative committee, profit sharing scheme which have positive effect on firm productivity are unfortunately not recognized, this however is the key problem of the research study. Furthermore, for the advancement and success of this study, questions relating to the problem will be perfectly addressed. This research project is therefore carried out to proffer solution to some of this debates and argument whether human resources management styles lead to effective training and development in an organization thereby leading to organizational productivity.

1.3 RESEARCH QUESTIONS

For effective and perfect accomplishment of this study, this research intends to give satisfactory answers to the following questions:

- i. To what extent does human resources management (HRM) contribute to work force in an organization?
- ii. Does Proper Integration and maintenance of employees result into Employee Effectiveness?
- iii. Does Training and development have any significant effect on organizational productivity?

1.4 RESEARCH OBJECTIVES

The main objective of this research is to examine the impact of Human Resource Management (HRM) practices on organizational productivity. Other Objectives are:

- i. To examine the extent of the impact of Human resources department towards enabling work force in an organization.
- ii. To determine if Integration and maintenance of people results to Employee effectiveness.

Identify the significant effect of Training and Development on organizational productivity.

1.5 RESEARCH HYPOTHESES

- i. H_{01} : Human resources management does not contribute to enabling workforce in an organization.
- ii. H_{02} : Employee integration and maintenance have no effect on employee effectiveness.
- iii. H_{03} Training and Development does not have effect on organizational productivity

1.6 SIGNIFICANCE OF THE STUDY

Significance to policy

Human resources management becomes inevitable the moment an organization realizes the need for improvement and expansion in the job. But often times, organizations embark on job enlargement and enrichment to promote employees' morale, motivation and satisfaction when in the fact the real problem with work performance lies in capacity development. The study becomes necessary because many organizations in this contemporary world are striving to gain competitive edge and there is no way this can be achieved without increasing employees' competencies, capabilities, skill set through adequate training designs. However, the study results will help the management to identify the challenge effects of employees' training on organizational performance, hence determine the areas where improvement through training can be done. It will also help the management in planning for the development and implementation of effective and efficient training needs that will lead to increased performance of the organization.

Significance to knowledge

Consequently, the study will be of empirically important as it will add to data bank on the subject matter.

1.7 SCOPE OF THE STUDY

The research study focuses particularly on the impact of Human Resource Management (HRM) practices on organizational productivity using Olam Flour mill, Ilorin, Kwara State as a case study. The study does not cover other organizations particularly the public organizations.

1.8 LIMITATION OF THE STUDY

The limitation of this study revolved around the accessibility of material needed for this study, time and the finance required for the study.

1.9 DEFINITIONS OF TERMS

In the process of this research, certain terms are used which need to be identified and defined so as to bring a meaningful insight or understanding to the reader. The terms involved in this research are: productivity, decision making, employee participation, management, Human Resource and Strategic Human Resource Management (SHRM), Training and Development, Compensation and Incentive and Integration and Maintenance:

Productivity: This is a measure of quality and quantity of work done, considering the cost of resources used.

Mathematically; Productivity (P) = Ability (A) x Effort (E) x Supply(S). Simpl

y put, productivity is a state of being efficient.

Decision Making: This is a course of action which is consciously chosen from among set alternatives to achieve a desired goal or result. It represents a well balanced a commitment to action.

Employee Participation: This is the involvement of the employees in organizational activities that contribute positively to the growth of the firm and equally attainment of desired goals and objectives. It gives the employees the opportunity to express themselves and their view points or opinions about actions.

Management: This is made up of the top, middle and lower management level.

- **Top Management:** They occupy the top positions of the managerial hierarchy. They are the key executives of the firm. They are; Chairman Board of Directors, Managing Director, Chief Executive, Vice Chancellor and his deputies in the University setting e.t.c.
- **Middle Management:** They are managers being in divisional or departmental heads and other members of the senior management team who receive and initiate information of appropriate corporate policies and recommend it to the Board of Directors (B.O.D). They are: D

divisional or branch managers, Deans of Faculty, Functional Managers e.t.c.

- **Lower Management:** They are managers who operate at the lower level of managerial hierarchy in their work areas. They are managers too, in the sense that many people are still found working under them. They are at the operational level, supervising the work activities of others on the day to day running of the business. They are Supervisors, Chief Secretary, Head of Department, Chief driver e.t.c.

Human Resource: Human Resources are the human performances employer skill, occupational experience and manpower needed by an enterprise for optimum achievement of the organizational set goals.

Strategic Human Resource Management (SHRM): This is the system adopted by the management of an organization to enhance effective and efficient utilization of human resources to accomplish the organizational goals; salary and wages administration, and development, performance appraisal, recruitment and selection e.t.c.

Training and Development

This is all about imposition of the job knowledge on the employees in an attempt to ensure quality performance. This is to determine the training need

s, selecting people for training courses and arranging for executive development programmes is another essential function performed by personnel manager.

Compensation and incentive

This is the act of rewarding the employee for the work done in order to encourage them.

Employee integration to ensure that all workers are in a co-operative manner irrespective of the difference in performance background is another important function performed by personnel manager.

Maintenance of employee

This is the act of making sure that the welfare of employee is generally maintained in terms of providing necessary resources which they are supposed to be working with.

1.10 OUTLINE OF CHAPTER

Chapter one shall comprise background of study, statement of the research problem, research objective, research questions, research hypotheses, significance of study, limitation of study, outline of chapter as well as definition

on of the term that is needed to carry out the research chapter two shall discuss the conceptual framework, theoretical framework and empirical framework, chapter three will talk about the methodology, research design, population of the study, sample size and sampling techniques, data collection, research instrument, measurement of variables and data analysis techniques chapter four will discuss the presentation of data, data analysis empirical result and finally chapter five will discuss the summary, findings, recommendation and conclusion, recommendation: for institutions industry regulator government and for future studies references/ bibliography and appendices.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK

HRM is a discipline, a professional specialization that has developed in recent years on a broad spectrum, encompassing various fields incorporated and synthesis with certain elements of personnel management, organizational behavior, industrial and labor relationship etc. It is a more innovative way of managing people at work.

The critical nature of HR in an organization as a factor of success or failure of management is put by Rensis Likert (2005) as follows; "All the activities of any enterprises are initiated and determined by persons who make up the institution, plant, offices of all the tasks of management, managing the human component is the central and most important task because all others depend on how it is done"

HRM is composed of the policies, practices and systems that influence employees' behavior, attitude and performance towards firm productivity (Hollenbeck, Gerbert and Weight, 2007). According to RenuksVembu (2010), human resource is touted as the most important, influential and impactful asset of an organization. Onah designed human resource as consisting of men and women working for an organization irrespective of the post they occupy or hold.

The major conceptual framework is the complementary of new workplace HRM practices in a production process. The concept means that the returns of new workplace innovation can be substantially higher when they are combined with other workplace innovation rather than introduced alone. For instance, the effects of increased employee discretion such as teamwork might be higher when they are introduced together with performance based pay.

New workplace HRM practices include employee involvement programs, job rotation, self-managed teams, firm providing training and incentive based compensation plans. These practices benefit workers economically and mentally, workers' wages are higher in the firm than in more traditionally organized firms.

Ben-Ner and Jones (1995) developed new conceptual framework to study how distinct types of employees ownership rights based on employee returns rights (e.g. no rights, profit sharing, employee stock ownership plans) and employee control rights (i.e. no rights, participation in control, sharing of control, dominant control) affect individual motivation, individual performance, organizational structure variables and firm productivity.

They argued that control and returns right interact strongly. For instance,

nce, the productivity effects of the combined rights may not only exceed the sum of the separate effects but may even be of opposite sign over certain ranges of combinations of the right. Therefore, returns and control rights held by employees must be combined to have a significant individual motivation effect on productivity.

Another framework that is inclusively devoted to the concept is Human Resource Planning (HRP). HRP just like product planning, financial planning, equipment planning should be an integral part of the total business. In a dynamic situation like the one which we find ourselves in this country, no organization can grow effectively unless the functions of human resource planning are carried out effectively and efficiently.

2.1.1 HUMAN RESOURCE PLANNING (HRP)

According to Wikipedia, 2012; Human Resource Planning is the process that identifies current and future needs of human resources for an organization to achieve its set goals. HRP should serve as a link between HRM and the overall plan of a firm. The planning process of best practices organization does not only define what will be accomplished within a given time frame but also the number and type of human resource that will be needed to defined organization goals.

Wisk Geek (2012) described HRP as classic human resource administrative functions and the evaluation and identification of human resource requirement for meeting organizational goals. It also requires an assessment of the availability of the resources that will be needed. HRP is one way to help a company develop strategies and predict company's needs in order to keep their competitive edge.

Effective people (HR) management and development is key to achieving productivity unless the company can attract, retain, develop, manage and motivate its employee. It will find it more difficult to meet the increasing demand for service improvement, modernization and high performance (Human Resource Grailer, 2005).

2.1.2 IMPACT OF HRP ON PRODUCTIVITY

Adequate Human Resource Planning has a great impact on the organization. It will result to the achievement of goals and objectives and also good performance and high productivity.

According to Todd Barol, 2012; he postulates that a poor HRP has a great negative impact on the company's productivity. Human Resource plays a necessary and invaluable role in the administrative functions within the organization. Human Resource manages payroll, benefit, recruiting and h

iring employees and act as a link between staffs and management.

Since Human Resource manages such a different assessment of responsibilities, you will agree with me that a disorganized and incompetent place of work can be the outcome if the department fails to plan distinctive responsibilities effectively, fulfilling the adage that says "if you fail to plan, you plan to fail". Some of these results or outcomes as a result of failing to plan by Todd Barol (2012) include;

- **Lack of Motivation:** This results from discouragement of employees at work place towards performance and automatically affecting productivity. This ultimately results in decreased productivity.
- **Un-organized Procurement:** Poorly planned and disorganized recruitment and hiring of qualified and experienced workers or employees will however result to low productivity level. When the right people are not available to keep in view the importance of achieving the objectives set before the organization.
- **High Employee Turnover:** The emphasis that when the period of employees being recruited or replaced is not constant or changes too frequently is also as a result of poor planning from the human resource manager.

- **Employment and Labor Regulations:** This can be negatively impacted by poor planning. This is a very important role of human resource to ensure the company complies with the laws and regulations.
- **Improper or Inappropriate Employee Screening:** Without proper employee screening, it opens up the possibility of hiring un-qualified workers or workers with criminal past to receive employment.

Conclusively, keeping the employee well informed, trained and effective in their occupation requires effective planning by human resource manager. Productivity is one of the most essential components that make up a successful business, but this can only be achieved with quality employees who are engaged and enthusiastic about their tasks (Barol, 2012).

2.1.3 MAJOR ACTIVITIES OF HUMAN RESOURCE PLANNING

According to Lazar (2001); the followings are the major activities of Human Resource Planning:

- 1 **Forecasting Future Manpower:** This requires the forecast of the number and types of employee who will be required by the organization in the nearest future.

- 2 **Inventorying Present Human Resource:** This automatically involves the analysis of the degree to which the required resources are employed optimally. It emphasizes more on taking record of the number of employees and managers available in an organization presently.
- 3 **Anticipating Human Resource Problems:** This activity can be done by projecting present resources into the future and comparing them with the forecast of the manpower requirements.
- 4 **Planning:** This emphasizes on the necessary programmes of recruitment, selection, training, e.t.c for resource development future manpower requirement (UNITS, 2012).

2.1.4 OBJECTIVES OF HUMAN RESOURCE PLANNING

According to Jim Franklein (2010); he postulated the following objectives of Human Resource Planning (HRP);

1. Consider Future Workforce:

Organizations use strategic planning to achieve goals. This relates to the organizations' vision, mission and strategic objectives. An organization must analyze its future employment needs. For instance, if organization decides it must increase productivity by 25%, it may need to grow its workforce by 2% or if an organization wants to increase market share by moving office to new direction or location, it must consider the human resource requirements.

2. Analyze Current Workforce:

With future workforce needs considered, HRP must analyze the competence of the present work force comparing future needs with current work force strengths and abilities will identify gaps and surplus.

3. Future Preparation:

Considering workforce surplus and deficits, human resource manager must prepare action plans for the workforce. This includes identifying the types and number of employees needed, employees' competency, budget consideration, recruiting and retaining measures and the development and training of the employees.

4. Evaluation Process:

Ensuring objectives are being met by this future workforce requires an evaluating process. This will determine if workforce is adequate to satisfy strategic goals. Planning for this process now will be easier and will quickly identify future workforce gap as surplus.

According to UNITS (2012), the 3 main objectives are;

- To ensure optimum of human resource currently employed.
- To assess or forecast future skill requirement.
- To provide control measures to ensure that necessary resources are available as and when required.

According to Human Resource Article (2009);

- Determine recruitment level.
- Determine optimum training level required.
- Use existing number of human resource productivity to promote employee in a systematic manner.
- Obtain and retain the quantity of human resource needs at the right time and place.

2.1.5 STEPS IN HUMAN RESOURCE PLANNING

This is done by the Human Resource Manager. ManojPatil (2012) points th

at the followings are the steps involved in Human Resource Planning;

1. **Review of Organization Objectives:** The manager is required to study the objectives of the organization. Then, he prepares a list of all the activities that are required to achieve the objectives. He also does job analysis.
2. **Estimation of Human Resource Requirements:** He estimates the human resource requirement of the organization. He finds out how many people (managers and employees) will be required to do all the jobs in the organization. Estimation must be made in terms of quantity and quality.
3. **Estimation of Human Resource Supply:** He estimates the human resource by finding out how many managers and employees are available in the organization at a particular period.
4. **Comparison of Human Resource:** He compares the human resource requirements and human resource supply. In case there is no difference between the human resource requirements and the human resource supply, then the human resource development manager does not have to take any action.
5. **Motivation of Human Resource or Manpower:** Human resource planning