

Trends in Human Capital Management: The Role of Leadership Emerging Economy — A Case Study of Nigeria

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Abstract: The global trend in virtual organizations and the global village has forced organizations to manage personnel across several locations. The new trend in human resource management calls for an adaptation of new trends in managing personnel across the globe. The paper examines the traditional human capital practices in Africa in comparison to the contemporary practices in human capital management in a global world with the recommendations for the role of leadership in ensuring the human capital needs meets the trends and needs of the global world. Human resource practices if properly channeled can have a high impact on organizations performances.

Key words: human capital; challenges; practices; global trends

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1. Introduction

Adeyeye (2008) in his paper asserts the fact that human capital development practices does have a high impact on organizational effectiveness based on his study of Nigerian bankers and the employees. The pace of technology and competition puts the onus on organization leaders and management to develop their human capital if they are to stay competitive. The Global trend in business and organizations is calling for new perspectives in human capital. It is no longer about technology only, but the ability of trained Human resource managers to apply the right fit for the right tasks and to ensure optimal performance of the talent pool.

Human capital development does not only mean training and development it goes more than that. However, training and development of staff is a vital part in human capital development. Armstrong (2004) defines training as the formal and systematic modification of behavior through learning, which occurs as a result of education, instruction, development and planned experience. In his research, Armstrong (2004) agrees with Davenport (1999), that training is very effective when, it is properly planned. An investigation by Adeyeye (2008) centered on the attitudes, fears and hopes of clerical workers and revealed some interesting findings with equally serious implications for staff training. He found that senior clerical workers claimed that they had been frustrated by management, since no opportunity was given to them to improve on their qualifications. This investigation supports the importance of human capital development in our traditional environment and the role leaders play in it.

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2. Contributions and Benefits of the Study

This paper can be of importance to the human Resource managers that are open to viewing the world as it is and have a desire to move with the trends. It could serve as an eye opener to the organizations that are planning on going international or exploring the global village with a view to preparing them for the times. Finally the paper serves as a means of exposing the areas that HR trends is moving and for those who desire to capture the trend and make moves to adapting to them.

3. The Traditional Role of Human Development Practices.

The thrust of human capital management in it's entirely is that of improving how organizations employ, deploy and evaluate their workforce. A changing workforce, global competition, advances in information technology, new knowledge, the 2008 global recession and demands for sustainable performance have forced corporate leaders to examine and re-evaluate how they manage and operate (Adeyeye, 2008). In response, they are utilizing new technologies, changing their organizations' structures, redesigning work, relocating workforces and improving work processes. These changes have significant implications for how their human capital should be managed and how their HR functions should operate. In emerging economies like Nigeria, traditional HR practices are more favored towards personnel functions such as HR welfare of employees, recruitment and training. However, the training function almost always excludes the administrative staff who are often looked upon as hands on. The contemporary world trend is that HR functions move beyond peddling files but into strategic functions that affects the overall performance of the organization.

The role of every member of the organization is like those of a well trained orchestra players. The conductor alone is not all important, the collective role of all players is equally important. Armstrong (2004) once opined that leaders can perhaps be compared with theater directors, without whose contribution the play will not happen. Organizational processes are only the arena and interpersonal process represents the actors. Leaders must therefore, need to identify what the priorities and agendas are for each actor and bring the various actors together, so that act is complete. From this view, it is obvious that leaders should avoid focusing on themselves, but rather be concerned with developing the vision and defining the missions, using the people who will in turn use other resources. Unfortunately, most organizations in Nigeria underrate and devalue the need to develop human capital. Some view the development of human capital as a loosely designed classroom training program. Others make use of training and development schemes as a means of settling scores between expectations and organizational values. Training and development programmes have been carried out in some quarters without the corporate strategically set objectives. Development of the human capital in organizations should no longer be on the back seat of corporate objectives.

4. Traditional Human Resource Practices

The usual human resource practice in Nigeria usually involves just the carting of individual personnel files. All too often, the HR function is largely an administrative one headed by individuals whose roles focus on cost control and administrative activities. Missing almost entirely from the list of HR focuses are such key talent management challenges as improving productivity, increasing quality, facilitating mergers and acquisitions, managing knowledge, implementing change, developing business strategies, and improving the ability of the

organization to execute strategies. As opposed to the traditional objectives of improving the knowledge and broadening the perspectives of participants, contemporary leadership initiatives are more likely to focus on developing employees who will learn to do the work themselves. More than ever, the effectiveness of an organization depends on its ability to address talent management issues such as knowledge management, change management and capability building. The key question is whether HR professionals will rise to the occasion and address them. If current HR practices don't change, the work of HR professionals could end up being largely administrative. They could merely manage IT-based HR systems and vendors who do most of the HR administrative work. On the other hand, HR professionals could become drivers of organizational effectiveness and business strategy.

5. Changing Role of HR Functions

To determine what makes HR functions effective and how they are changing, a study surveyed senior HR and other executives from more than 200 U.S. corporations as part of a research project funded by the SHRM Foundation. The survey, fielded six times from 1995 to 2010, asks respondents about how HR operates in their organizations and about how effective HR is. The results are generally poor when it comes to making changes that improve the status and responsibilities of HR professionals. Some of the questions in the surveys included tools to measure HR progress in linking company's business goals with a sound talent management strategy. HR practices found that HR professionals can add value by:

- Providing administrative support services.
- Serving as business partners who help to implement business systems and practices.
- Becoming strategic partners who help corporate leaders develop business strategy.

Despite compelling arguments that talent management is a key strategic issue in most organizations, the research found that HR executives often are not strategic partners; they are administrators and, on occasion, business partners. As just one example of the survey data underscoring this conclusion, consider the fact that from 1995 to 2010, there has been no significant change in the way HR professionals conduct business. They still spend very little time being strategic partners. Though HR professionals say their roles have changed, data show that they are guilty of wishful thinking and a selective memory.

Since these areas are critical determinants of organizational performance, HR leaders are missing a great opportunity to add value. A strong case can be made that HR needs to develop much better metrics and analytics. Managers want measurement systems that enhance their decisions about human capital. Yet HR professionals often focus on delivering HR services. HR departments have become more sophisticated in the measures they use, yet, this has not led to HR leaders being strategic partners or to HR professionals being more effective. Business leaders can now be and sometimes are held accountable for HR measures such as turnover, employee attitudes, bench strength or performance distributions; however, this is not the same as having an effective human capital strategy. The issue is how to use HR measures to make a true strategic difference in an organization's performance. The Center for Effective Organizations, identified four components of a measurement system that drive strategic change and organizational effectiveness: logic, analysis, measures and process. Measures represent only one component of this system.

6. The Contemporary Role of Human Capital Practices

In today's business climate, attracting and retaining the best employees is very difficult. The reason is a combination of the change in business practices and the shift in employee attitudes. HR professionals can make strides by studying how practitioners in more-mature decision sciences have evolved their measurement systems. Three anchor points — efficiency, effectiveness and impact — connect decisions about resources such as money and customers to organizational effectiveness, and they can similarly be used to understand HR measurement.

HR practices would have to include managing talent by maintaining records, Auditing and controlling, Serving as human resource service provider, developing HR systems and practices. They would have to help identify or design strategy options, help plan implementation of strategy, identify new business opportunities, assess the organization's readiness to implement strategies. Also, they would design the organization structure to implement strategy, assess possible merger, acquisition or divestiture strategies. They would need to be involved in measuring effectiveness.

A typical HR practices is going towards the following trends: **Efficiency** asks, "What resources are used to produce our HR policies and practices?" Typical indicators of efficiency are cost-per-hire and time-to-fill. **Effectiveness** asks, "How do our HR policies and practices affect the talent pools and organization structures to which they are directed?" Effectiveness refers to the effects of HR policies and practices on human capacity and the resulting "aligned actions" of the target talent pools. Effectiveness includes trainees' increased knowledge, better-selected applicants' enhanced qualifications and the performance ratings of those receiving incentives. **Impact** asks, "How do differences in the quality or availability of different talent pools affect strategic success?" This question is a component of talent segmentation, which means understanding the strategically important differences between various groups of employees and potential employees.

7. Ability to Link Strategy and Talent

Most HR measurement systems largely focus on efficiency, though there is some attention paid to effectiveness since they often measure turnover, attitudes and bench strength. Rarely do HR leaders consider impact, the relative effect of different talent pools on organizational effectiveness. More important, HR measurements are rarely directed specifically to where they are most likely to have the greatest effect on key talent.

Attention to nonfinancial outcomes and sustainability needs to be increased, and strategic HR can affect these as well. Based on the results of our 2010 survey, it is possible to identify key activities that HR executives in corporations need to engage in to be effective. Most have to do with how business strategies relate to human capital management. Here is how we measured HR activities and what our research tells us about how well HR professionals are creating and defining this vital link:

Assessing the organization's readiness to implement different strategies and supporting implementation of the business strategy are activities done much more frequently by effective HR functions. In Nigeria there is the recognition of training as a vital HR practice.

8. The key Global Trends in Human Capital Practices

The business landscape has changed dramatically in the past decade as a result of many factors from the

feverish hiring boom of the 90s to the economic slowdown in the later part of the last decade. During this same period of time, employee attitudes have changed dramatically. Exposure to widespread layoffs and corporate scandals has led to an erosion of company loyalty and reevaluation of career and life priorities by many employees. In Nigeria, the trend for hiring agencies is coming strong, agencies or consultants that can assist in identifying the right pool of talent. Also HR tendencies are going global, we are seeing such titles as group HR manager, one that caters to diverse cultures of employees, based on the location offshore. This is thus forcing HR to begin to do more than administrative work. They are moving into strategic planning and ensuring that the right talents fit into the position.

So now we have companies looking to acquire the best talent and a growing workforce of talented individuals who are no longer attracted by compensation alone, but who require and value intangibles as well. High-performing HR departments separate themselves from the rest by the strategies they use and develop with respect to talent and HR management. High-performing HR departments have data-based talent strategies integrated with the business strategy, while low performers do not.

In high-performing HR departments, leaders do not rely on HR best practices or administrative standard operating procedures as the key drivers of how the HR professionals act and the policies they set. Instead, they rely on data-driven practices and the organizations' business strategies. This allows them to make rigorous data-based decisions about human capital management and to engage in discussions with senior executives based on business strategy and data. Not surprisingly, these are the kinds of discussions that lead other executives to have a positive view of HR and to listen to HR recommendations with respect to talent management and HR policies and practices.

It is interesting that the relative degree of involvement in different activities as seen by line managers and HR executives is very similar. Managers agree with HR executives that the major involvement of HR executives is in recruiting and developing talent and other implementation issues involved in strategy.

Although they spend less of their time on administration and give more emphasis to strategic talent management, the most effective HR functions do not neglect basic administration and compliance with rules, laws and regulations. Having quality professional practices and services is a must. But the best HR leaders do not let this work dominate their activities. They are able to combine their attention to basic administration with making important strategic inputs that have a positive impact on the future of the organization. This is obviously not an easy balance to maintain.

9. Conclusion for Leadership in the Global Market

These are many opportunities for HR professionals to improve their status and responsibilities. Most business managers have increased their awareness of the importance of human capital, and of their role in nurturing and deploying it. HR data and scorecards are more available, providing a basis for improved decisions. There is also a great deal that most managers still do not know about talent segmentation, motivation, culture and learning. HR executives likely can see this gap, and it is reflected in their ratings on our surveys. HR executives report that "our business leaders don't know what they don't know" when it comes to sound principles of human capital decisions. It is easy for managers to regard their performance as sufficient, while HR executives who are more familiar with human resource management see that much more could be accomplished.

It is vital for HR practices to link business strategy with talent management — yet we find little indication

that HR professionals are doing it. True, HR leaders face a formidable challenge, but they must deal with the human and business issues raised by large-scale strategic change. To meet these challenges, HR must focus on how human capital can add value.

Jean-Marie Hiltrop examines the human resource implications of the changing psychological contract, specifically, how organizations under pressure from greater competition, internationalization, and integration of functions can manage employees now facing increased professional risk and uncertainty. A number of suggestions are made for changing organization and management practices in order to build real commitment from employees in the new socio-economic environment. This straightforward assertion is examined in theory and through research evidence to reveal high levels of complexity in relation to how, when and why the interconnection between HRM and organizational outcomes is achieved. The two dominant normative models of 'best fit' and 'best practice' are considered. The paper concludes that the HR strategies of firms are heavily shaped by contextual contingencies, including national, sectoral and organizational factors. However, such a conclusion does not invalidate all "best-practice" thinking. Although constrained in certain ways, underpinning principles of labour management still have relevance to practice as essential attributes of a firm's ability to compete in its chosen markets.

Conclusion: The paper then concludes in agreement with Gary S. Becker, who coined the term "human capital", says that "the basic resource in any company is the people. The most successful companies will be those that manage human capital in the most effective and efficient manner."

10. Summary and Conclusions

The present day economy has been titled as "Knowledge economy". In such an economy, it is people who make all the difference. In political economy capital or market was important. Talent occupies centre stage in the Indian workplace. In view of this, managing and retaining manpower is becoming crucial to an organization's success. To achieve this, companies across sectors are focusing on some of the more critical HR practices. Some of the trends that have been noticed are:

Creating a pipeline of leadership talent is key to a business' future growth. It is imperative for the top level of an organization to make leadership talent management a priority, and put its money into long-term plans, as opposed to short-term ones. If companies are worried about their talent pipeline, they have to develop their people. There is a need for focused attention to training.

10.1 Work-life Balance

More organizations are becoming conscious of the employees life outside work. No company or employee has found the Holy Grail of balancing work and life, but that is a work in progress. However, multinationals, information technology (IT) and IT enabled services (ITeS) companies have been able to promote the balance between career, family and leisure-time better. Other sectors have also been increasingly promoting a work-life balance. The LAWMA agency in Nigeria and some other government agencies have crèche facilities on the worksite. Interestingly, most companies in India use benefits such as flexible timings, telecommuting, crèche facilities and concierge services as an attraction and retention strategy. Experts say companies should see the work-life balance as a business proposition since progressive companies carry business forward with employees and families.

10.2 Inclusion and Diversity

With higher numbers of Gen Y joining the workforce in India at a time when companies across the world have an ageing workforce on their rolls, conflicts are to be expected. Therefore, companies are investing both time and resources in ensuring that all age groups are comfortable working together. Organizations in Africa have also been focusing on making workplaces more representative by becoming more gender diverse.

10.3 Health and Wellness

The work culture at globalized workplaces involves long working hours, frequent travel, multitasking and tight deadlines-and all this often leaves employees mentally and physically stressed. Companies have begun to realize that healthy employees contribute to higher efficiency and productivity. Apart from medical benefits, companies are also offering exercise classes and health camps and have doctors at the workplace. The Lagos State Waste Management Agency for example has 24/7 medical facilities in all its centers. DuPont has an Intranet-based tool, which assesses an employee's health through a questionnaire and makes recommendations based on the scores.

10.4 Right Skilling

Right skilling, or matching jobs with a particular level of training rather than hiring overskilled workers, is gaining momentum. Companies use this strategy to tide over a manpower supply crunch and to broaden their talent base. Organizations are recognizing that when you have an over-qualified employee, it is very difficult to meet her aspiration levels and, therefore, the chances of the employee moving on to something more challenging are higher.

10.5 Managing Solid Citizens

Organizations which neglect their solid citizens are doing this at their own peril, say experts. Unlike star performers who are potential leaders, and therefore more likely to move out of an organization faster, this group provides stability and bench strength to an organization. Experts say companies need to take a fresh look at solid citizens and invest time and resources in managing and developing this group.

10.6 Instant Rewards

Organizations should recognize and reward performers to attract and retain the right talent. Companies in India are looking at rewards systems more seriously, and are adopting total rewards practices that include compensation in both cash and kind.

10.7 Work Life Balance Programs

Apart from lifestyle perquisites such as a house, a car or a club membership, profit-linked incentives, deferred gratuity, and wealth-building programs in the form of stock options and soft loans, companies are also including work-life balance program; competency pay packages where niche skills are compensated; and career opportunities, such as overseas assignments, new projects, etc., to reward staff. These rewards can be tailored to suit the top performers' aspirations to achieve maximum effect.

10.8 Measuring Human Capital

Evaluation of performance plays a key role, not just in rewarding an individual employee, but also in setting performance benchmarks. Hence, the need is for a fair and transparent performance management system. A strong performance analysis helps make human resources both efficient and effective.

10.9 Managing Aspirations

As aspirations of organizations grow, so do those of employees. Companies should be clear about goals of individuals as well as of the organization, and the role each needs to play. The firm should also communicate the

goals, and have robust and reliable processes to execute them.

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