

Impact of Human Resources Management on Banks Employees' Sustainable Development in Ado-Ekiti, Nigeria

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ABSTRACT

This study examines the impact of human resources management on banks employees' sustainable development in Ado-Ekiti. The aim is to examine how HRM practices are been conducted and its relationship with employees' sustainable development. Sixteen commercial banks operate in the study area. Hence, the population comprises all human resources departments operating in the the 16 commercial banks. The branch managers and two senior officers of the 16 banks were selected using convenient sampling. All the responses take the form of a five point Likert scale using a close-ended questions. Regression analysis is applied to test the relationship between HRM variables and banks employee's sustainable development using SPSS Version 16. The results indicate among others that there is a positive and significant relationship between human resources management and banks employees' sustainable development. Based on these, it is therefore concluded that effective human resource management is indispensable to employees' sustainable development. However, it is recommended that all banks should adopt and implement the best human resources management practices (human resources planning, job analysis, recruitment, selection, compensation, performance appraisal and training) for better employees' sustainable development.

Keywords: *Human Resources Management, Sustainable Development, Banks Employees*

INTRODUCTION

In the present modern competitive business environment, firms are facing rising challenges in the form of gaining and optimizing human resources. Human capital is one of the key resources in establishing a sustained competitive advantage (Barney, 1991). In the bid to overcome the challenges, there have generally been the need for a broad Human Resources Management (HRM) practices to translate organization's human resources into a sustainable competitive advantage. The success of most, if not all organizations depends largely is the need for an approach to achieve better performance, to originate and implement HRM practices (Khan 2010 cited in Jeet and Sayeeduzzafar, 2014). This realization

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reinforces the critical role HRM practices play in this modern world and increasingly competitive business landscape (Justice, Antwi, Ampadu and Osei-Boateng, 2016). Managers and other organizational leaders faced the problems of resources; how to find a skilled person for the right tasks, how to make sure people do what they should be doing, how to keep people going when the time are tough (Senyucel, 2009). These have been the challenges faced by organizations whether public, private or nonprofit. Managers and organizational leaders are not only responsible for getting the job but finding the right people for the right job, getting the job done on the right time, save cost liaise with the stakeholders, develop and retain existing employees, keep employees morale high and increase employee's performance (Senyucel, 2009).

Academic interest in Human Resources Management is also evidenced by the level of attention it has received over the last few decades (Senyucel, 2009). The relationship between Human Resource Management and employees' sustainable development has been the subject of concern and interest to many researchers and scholars. However, despite the importance attached to human resources management as a driving force to organizational success, there is little empirical study to ascertain the impact of human resources management on employees' sustainable development especially in Nigerian banks, this necessitated the study. Although studies have been conducted on Commercial banks human resources management practices at the level of the head office (Justice, Antwi, Ampadu and Osei-Boateng, 2016), this study then focuses on the examination of the human resources management practices and the impact on employees' sustainable development at the branch levels in the hope to examine how HRM practices were been conducted and its relationship with employees' sustainable development. The specific objectives are:

- i. To analyze conceptually how human resource management practices affects banks employees' sustainable development in Ado-Ekiti, Nigeria.
- ii. To examine empirically the relationship between human resource management and employees' sustainable development in Ado-Ekiti, Nigeria.

The following research hypotheses were formulated for the study:

- H₀1: Human resource management practice does not affect bank employees' sustainable development.
- H₀2: There is no significant relationship between human resource management and banks employees' sustainable development.

Human Resources Management (HRM)

Human Resources Management practice is a system in which a set of distinct but interrelated

activities, functions and processes are directed at attracting, developing, and maintaining or disposing firm's human resources for that matter employees (Lado and Wilson, 1994). HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler and Jackson, 1987).

Human resources management is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics (Storey, 1992). It aimed at developing people through work (Bratton and Gold, 2001), and includes administrative activities that are associated with planning, recruitment, selection, orientation, training, appraisal, motivation and remuneration (Storey, 1992). Robbins and Judge (2009) sum up human resources management by five key concepts: motivating, disciplining, managing conflict, staffing and training. Human resources management is a broadly approved concept with the aim of managing the employees' of an organization and is related to workforce attraction, selection, training, assessment, and rewarding (Robbins and Judge, 2009).

The effect of managers' behaviour on the employees' performance is discussed by McGregor (1960) in his proposed 'Theory X – and Theory Y'. Hendry (1995) states that in some cases, accepting the principles of human resource management is nothing more than acceptance of human resources as the most critical assets of the organization. However, in some other cases, it emphasizes on corresponding the functions of the employees to the organization's strategy. In Janger (1977) viewpoint, HRM may be only reflecting the human resources' importance to an organization. Armstrong (2003) believes that human resources are the most treasured assets of any organization who contribute to the organization's achievements. He also defines human resources management as the strategic approach toward managing the employees.

Conventionally, human resources were mostly considered as a cost which must be controlled and minimized. However, it is now realized that they can substantially contribute to the organization's financial performance. Sustainability has been subject of thought and reflection in the field of management for a long time. Only recently, however that the link between sustainability and HRM issues, seem to have received attention. Sustainable human resource management practitioners have developed different approaches, in identifying the benefit of the perception, against the traditional HRM, which is a drive towards a sustainable development (Ehnert, 2006). Sustainability is an evolving approach that promotes the use of human, natural and financial resources to improve the economy, the environment, and society in an integrated way for the benefit of current and future generations. The concept is a global policy theme, widely used since 1987 when the United Nations World Commission on Environment and Development defines

sustainable development as “development that meets the need of the present without compromising the ability of future generation to meet their own needs”.

Human resources management (HRM) refers to the policies and practices involved in carrying out the human resources aspects of a management position including human resources planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development and labour relation (Aguinis, 2009). HRM is composed of the policies, practices and systems that influence employees’ behaviour, attitude and performance (Altarawmneh and Al-Kilani 2010). The presumed link between individual performance and organizational performance has been well established in business literature (Appelbaum, Bailey, Berg and Kalleberg, 2000). Aware of such a fact, organizations have been in a state of constant search for leverages of employee performance. The leverages are the factors that promote or enhance the level of employee effort and activities related to his/her work. The search for the leverages or factors that enhance employee performance has always been a big concern for industrialists and researchers. Taylor’s prescriptions which looked for the ‘one best way’ of production attached to a reward package which enabled man to maximize income was an early attempt to couple employee motivation with productivity and output (Arogyaswamy and Byles, 1987). Aguinis (2009) regards HRM as “involving all management decision that affects the relationship between the organization and employees, its human resources (Arthur 1992). HRM practices, in any firms, are a moderator among the strategy and policies of HRM and HRM outcome. HR practices and job satisfaction are studied widely in different parts of the world. It is assumed that HR practices are closely associated with job satisfaction (Bartel 1994).

Many scholars and practitioners believe that sound HR practices result in better level of job satisfaction which ultimately improves organizational performance (Becker and Gerhart 1996). Some researchers focus on the overall job satisfaction of employees (Becker and Huselid, 1999) which are satisfaction with pay, promotion, supervisor or co-workers. HRM practices include job analysis, orientation, performance appraisal, human resources planning, labour relations, selection, recruitment, compensation and training development (Bailey, 1993). We shall look at some of these variables.

Selection: The HR work system includes tight division of labour and narrowly designed and specialized jobs. In such a system, limited employee participation exists and personnel policy specifies detailed rules concerning career progression and compensation (Harel and Tzafirir, 1999). One of the clearest expositions of this theme was given by Schuler and Jackson (1987). The model has built on the generic competitive strategies outlined by Porter (1980), that is, quality enhancement, innovation and cost leadership or reduction.

For each strategy, Schuler and Jackson (1987) develop a set of ‘needed role behaviours’ which vary across a number of dimensions and then recommended a set of human resources practices that are needed to bring about these behaviours.

Training: According to Harel and Tzafrir (1999), training can influence performance by improving skills and abilities relevant to employees’ tasks and development (Gerhart, 1990). According to Hamel and Prahalad (1994), Burke and Day (1986) indicate that training positively influences the level of performance of managers. Similarly, Bartel (1994) finds that investment in training boosts employee morale and increases performance. In general, training allows employees’ to acquire greater competencies that are needed to perform their jobs efficiently and effectively (Harel and Tzafrir, 1999).

Performance Appraisal: Employees develop more positive attitudes when they receive favorable outcomes. For example, the level of extrinsic rewards (amount of pay) employees’ receive has been found to be negatively related to turnover level (Harel and Tzafrir, 1999). The level of social rewards individuals receive has also been found to positively influence job attitudes (Harel and Tzafrir, 1999). For instance, the level of social support individuals receive from coworkers has been shown to positively influence their job satisfaction (Jones and Schaubreock, 2004). Management’s attempt to implement a classic control system for reducing labour costs by unilaterally increasing performance standards and maintaining wages and benefits is likely to be met by strong resistance from a unionized work force. Resistances in the form of strikes, high grievance rates and adversarial labour relations have been found to be extremely costly to firms in term of productivity and quality.

Employee Participation: HR professionals must focus on continuous innovation by responding positively to new ideas and constantly keeping track of new trends. Innovative HR interventions, designed to ensure that people respond spontaneously to the critical demand of the organizations, have tremendous potential to build healthy and successful organization (Noe, Hollenbeck, Gerhart and Wright, 2007). Today, the organizations that simply follow the traditional approaches to managing people, obsessed with the in-place HR system that they have, appear to be destined to perform at a mediocre level or worse (Lengnick-Hall C. and Kengnick-Hall M. 1988). Organizational support is defined as “the extent to which employees perceived that the organization valued their contribution and cared about their well-being” (Eisenberger, Huntington and Sava, 1986). The support that is provided by the organization is directly related to employees’ performance. Employees exchange their genuine effort for greater care, concern and support they received from their organization (Eisenberger, Huntington and Sava, 1986).

Career Planning: Some studies have revealed that developing a sense of justice on employees can increase satisfactory commitment, effort and performance (Folger and Cropanzano, 1998). According to Chatterjee and Pearson (2000), HR practitioners currently espouse practices that are in keeping with individual want as well as the firms' requirement (Chatterjee and Pearson, 2000). The logic that the human resources policies and practices of a firm have implication for the creation of competitive advantage by providing the organization with a unique source of talent that is difficult to replicate has been prevalent for many years (Chatterjee and Pearson, 2000). This view has been recognized and followed up by academics and practitioners. For example, Bailey (1993) argues that human talent is often 'under-utilized' and that organizational effort from employees are likely to provide a source of competitive advantage that cannot be easily replicated by competitors (Bailey, 1993) Internal labour markets that provide an opportunity for employees to advance within a firm and team-based production systems (Locke, 1976) are all forms of work organizations that have been argued to positively affect firm performance. In addition, it has been argued that the provision of job security encourages employees to work harder (Locke, 1976).

Compensation: Industrialists and researchers have been in constant search for factors that affect employees' development (Chatterjee and Pearson, 2000). In his early attempt, Taylor (1911) has suggested prescriptions which looked for the 'one best way' of development attached to a reward package which enabled 'economic man' to maximize income in return for his great effort. This was an early attempt to couple employee motivation with development (Porter, 1980).

Human Resource Management and Employees' Sustainable Development

The relationship between Human Resources practices and employees' development is an increasingly researched topic in human resource management (Edgar and Geare, 2005; Khayal and Farid, 2015). More specifically, Human Resources Management is supposed to comply with employees' needs which enhances favorable attitudes, and subsequently leads to development (Edgar and Geare, 2005). This synchronizes with social exchange theory (SET) which argues that HRM practices provides positive and relevant exchange relationships among employees and employer – especially when the needs of individual workers are considered – to which employees reciprocate with favourable attitudes and behaviour (Gould-Williams and Davies, 2005). Guest (2002) has demonstrated that the impact of HRM on employees' and organizational development depend upon responses

of workers towards HRM practices. So, the impact of HRM practices move in the direction of the perception of employees. Qureshi, Tahir, Syed and Mohammad (2007) conclude in their study that HRM practices are positively correlated with employees' development and performance.

Over the years in Nigeria, firms' performance especially banks, has been impeded by low performance and short term collapse or fall in investment (Meggision, 1992). Many investors have sought a solution to this ugly situation. Therefore, firms have engaged on several organizational reviews and x-rayed the problem and the way forward. Existing Literatures have greatly elicited the tremendous contributions of Human Resources Management practices on organizations' performance (Agyapomaa, 2011). The performances of organizations are a reflection of employees' development. More specifically, HRM is hypothesized to fulfill employees' needs which enhances favourable attitudes, and subsequently leads to the employees' development and performance (Edger and Geare, 2005). Nonetheless, in the quest to achieve sustainable competitive advantages in this turbulent business environment, organizations need to improve their Human resources to be a contender. Such improvement requires an estimation of the individual significance of the HRM practices in terms of their impacts on employees' development.

METHOD

This survey was conducted to examine the impact of human resources management on banks employees' sustainable development. The population comprises the entire workforce of the 16 commercial banks operating in Ado-Ekiti metropolis. The branch managers and two senior officers of the banks were selected using convenient sampling, a non-probabilistic sampling technique where selection of subjects are conveniently accessible and their proximity to the researcher. In summary, 3 respondents were selected from each bank. Primary data were used for the analysis. Data were collected through the administration of structured questionnaire and semi-structured interviews. The questionnaire consists of 30 close-ended questions. The questions measure the employees' selection, training, performance appraisal, career planning, participation in decision making about them, compensation and sustainable development. Five point-Likert scale approach was adapted to rate response from respondents. The responses were rated as Strongly Agree (SA), Agree (Agree), Neutral (N), Disagree (D), and Strongly Disagree (SD). The reliability of the research instrument was tested using Cronbach's alpha. Descriptive statistic generated by SPSS version 16 was use. The statistical analysis included regression analysis which was use to determine the relationship between human resource management (independent variables and employees' sustainable development (dependent variable). The findings were presented in tabular formats.

RESULTS AND DISCUSSION

Table 1 shows the Cronbach's alpha value to be 0.735 for the HRM subscale. The value depicts a reasonably reliable subscale. From Table 2, the Cronbach's alpha value of 0.869 is indicative of a reliable subscale assessing employees' sustainable development. In summary, the Cronbach's alpha test has shown the 30 questions in the questionnaire are reliable and internally consistent, while each subscale is also reliable and internally consistent. In the analysis, all the banks managers and senior officers responded to the six questions and their separate responses shows that human resources management has significant and positive impacts on employees' sustainability and development. On the question, whether selection positively affects employees' sustainability development? The responses indicate that selection is positively related to employees' sustainable development particularly when the selection was done within the due process and principles of selection.

On the question of training impact on employees' sustainable development, the respondents agree that the employees perform effectively and efficiently through training opportunity given to them by the human resources management department. Appraisal exercise is another pointer on the ability on the job hitherto performed. It also point out where employees' need to improve upon. That shows that performance appraisal is positively related to employees' sustainability and development. The responses also indicate that every employee aims at developing career by putting up their best in order to be promoted. This points to the fact that career planning positively related to employees' development. When asked if compensation positively related to employees' sustainable development, they all responded that it encourages the development of employees in an organization. This implies that compensation relate with employees development. Compensation is term as security to employees' when an organization has compensation package. The respondents were also asked whether employees' participation in decision making about them positively related to sustainable development. They indicate that employees' participation in decision making about them increases their self-confidence and job satisfaction, hence, it relates with employees' sustainable development. Table 3 shows that the computed value of r is 0.765, and the p -value is 0.000, which shows a significant result. This leads to the rejection of the H_0 which states that there is no significant relationship between human resources management and employees' sustainable development. The result further indicates that there is a strong relationship between human resource management practices and employees' sustainable development. This finding is *in tandem* with the results of Qureshi, Tahir, Syed and Mohammad (2007), that human resources management practices of the firm are positively correlated with employees' development and performance.

Table 1: Reliability statistics for HRM subscale.

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.735	16

Table 2: Reliability statistics for employees' sustainable development subscale.

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded ^a	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.869	14

Table 3: The relationship between human resource management and employees' sustainable development

Group	Number of Respondents	Computed mean (x)	Computed r	p-value	Critical value	Decision
Human Resource Management	48	3.41	0.765	0.000	Nil	reject H ₀
Employees' Sustainability Development	48	3.17				

Source: Survey, 2017

CONCLUSION AND RECOMMENDATIONS

It is noteworthy that in today's volatile and increasingly innovative business atmosphere, this study's outcome supports the conventional wisdom that employees are the most valuable asset of a business and that an effective practice of Human Resources Management to develop and tap this invaluable potential of employees will save the future of businesses. The significant relationship that exists between the selected HRM practices and employees' sustainable development is in support of the various similar studies and this therefore should be indicative to researchers and business practitioners across board, not to downplay the importance of Human Resources Management Practice (HRMP) as a strategic tool



to achieving comparative advantage.

Based on these findings, the following recommendations are made:

- i. Selection of employees should be done according to the rules and ethics of the business.
- ii. Employees should be provided with adequate and appropriate training and developmental programmes to enhance sustainable development for the overall benefit of the organization.
- iii. The bank senior officers should maintain a continuous interaction with the employees by updating them on the bank's policies, procedures and decisions. This should be in a form of internal training programme. Management also need to keep the employees well-informed on new developments since well-informed employees make sound decisions, remain motivated, productive and feel as a member of one family in the workplace.
- iv. Each bank should have a merit-based motivation system, put in-place good and fair remuneration and reward system that would encourage workers to be much more motivated to achieve higher levels of performance.
- v. Bank management should articulate their HRM practice clearly in a codified form.

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