

**FITTING HUMAN RESOURCE PRACTICES TO BUSINESS STRATEGY FOR
ORGANIZATIONAL SUSTAINABILITY IN NIGERIA**

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Abstract

Human resource management is the basis of all management activity, but it is not the basis of all business activity. A business may depend fundamentally on having a unique product or on obtaining the necessary funding or on identifying a previously unnoticed market niche. The basis of management is always to get the people of the business to make things happen in a productive way, so that it prospers and the people thrive. The study reviewed issues on human resource practice choices, human resources practices and strategic fit, and human resource practices: strategic fit versus strategic flexibility. The study observed that there are three aspects of human resource fit. These are vertical fit, horizontal fit, and external fit. The research also recommended that human resource practices should result in and continuously reinforce behaviours needed to accommodate specific aspects of the external environment and help achieve an organisation's objectives.

Keywords: Fitting, Human Resource Management, Practices, Strategy, Organisation, Business.

Introduction

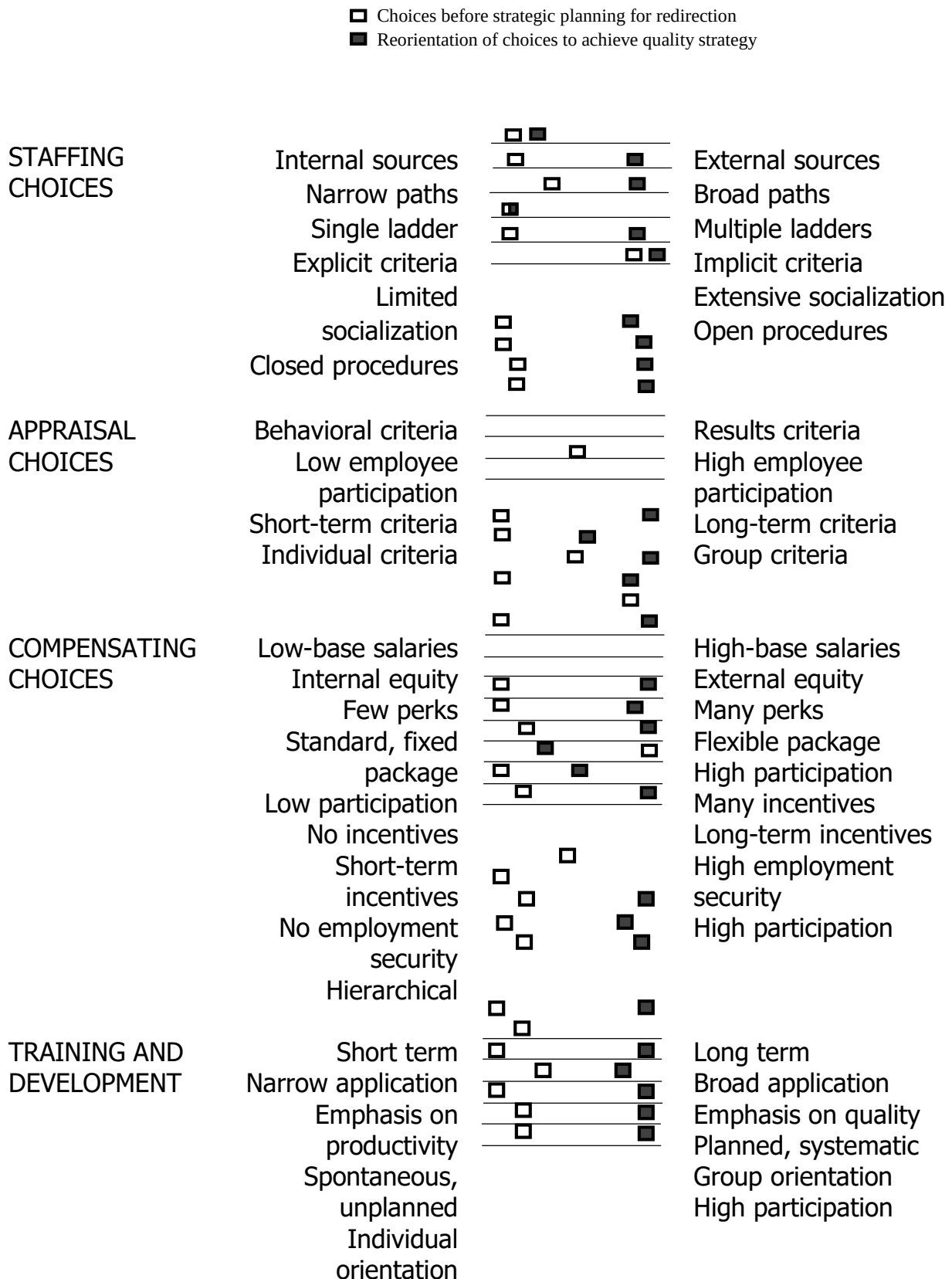
Managing resourceful humans requires a constant balancing between meeting the human aspirations of the people and meeting the strategic and financial needs of the business. Thus, businesses are diverse. Prisons, restaurants, oil companies, corner shops, fire brigades, churches, hotel chains, hospitals, schools, newspapers, charities, doctors and dentists, surgeries, professional teams, airlines, lawyers chambers, and

universities are all businesses in the sense that they have overall corporate missions to deliver and these have to be achieved within financial constraints (Derek et al., 2005). They all need to have their human resources managed, no matter how much some of the resourceful humans may resent aspects of the management process which limit their individual freedom of action. However, the issue of fitting human resource practices to business strategy is becoming increasingly relevant in modern business and is perhaps the most important human resource issue for staff and line managers (Melody, 1996). Human resource fit involves making sure human resource activities make sense and help the organisation achieve its goals and objectives. James and David (1999) maintained that there are three aspects of human resource fit. (1) Vertical fit which concerns the match between human resource practices and overall business strategy. (2) Horizontal fit which relates to the interrelationship among human resource activities, that is, the extent to which they are mutually consistent. Consistency ensures that human resources reinforce one another. Human resource consistency says Okere (2019) means that all programmes send a common message to all employees, which makes it easy for workers to understand what behaviours are required of them. In the opinion of James and David (1999), there are also technical advantages of human resource practice consistency; for example, a firm that invests heavily in training programmes will likely benefit from it and also having a good selection system that reduces the likelihood of employee turnover. (3) External fit which concerns how well human resource activities match the demands of the external environment. If vertical fit occurs, then horizontal fit should follow. However, it seems useful to think of these two aspects of fit separately so as to ensure that both are managed effectively within the organisation. Derek et al. (2005) advised that to achieve external, horizontal, and vertical fit, human resource staff members, working closely with line managers, must make correct choices about the nature and specific type of human resource programmes that are used in an organisation.

Human Resource Practice Choice

Richard and Craig (1997) maintained that the process of ensuring external, vertical, and horizontal fit requires that human resource practices should result in and continuously reinforce behaviours needed to accommodate specific aspects of the external environment and to help achieve an organisation's objectives. For example, an organisation's goal should be to orient human resource practices to produce desired results in quality and market development, to respond to customer needs, to effectively utilize resources and to manage through teamwork and cooperation. To achieve this goal, organisation will probably need fewer employees and fewer management levels. Thus, the need is to downsize and delay the organisation. Figure 1 demonstrates human resource choices into six categories.

Figure 1: Human Resource Practice Choices



Low participation

EMPLOYEE INFLUENCE	Collective bargaining	_____	Individual bargaining
	Formal due process	_____	Informal (or no) due process
	No employee input	_____	Broad employee participation
	No employee ownership	_____	Partial or complete employee ownership
	Employee compliance	_____	Employee empowerment
WORK SYSTEMS	Job simplification	_____	Job enrichment
	Explicit job analysis	_____	Implicit job analysis
	Individual orientation	_____	Team orientation
	Narrowly defined jobs	_____	Broadly defined jobs
	Directive management	_____	Participative management
	Specialized jobs	_____	Rotation among jobs
	Close supervision	_____	Peer or self-supervision

The figure above defines opposite ends of each practice continuum, such as promoting entirely from within versus filling all openings from the external labour market. An immediate choice is also possible for most of the practices. For large organisations, different units could use different practices, or the practices might vary by level or job category (Boxall, 1992). Okere (2019) commented that the challenge is to develop internally consistent configurations of human resource practice choices that help implement the organisation's strategy and advance its competitiveness. To accomplish this successfully, a clear understanding of the nature of the human resource choices available is needed.

Staffing: There is always a need for the replacement of employees or staffing an organisation and those with unfamiliar skills that business growth makes necessary (Derek et al., 2005). Staffing is also an area in which there are important social and legal implications. Many staffing decisions have implications for strategy implementation. For example, whether the organisation hires from external sources or relies primarily on promoting people from within the firm to fill vacant positions, will determine opportunities for current employees and in this way influence rewards (Promotion is a reward), training and development, and employment commitment (Barron, 1986). A related issue is whether recruitment and career decisions will be open

or close. According to Stephen (1999), in some organisations, notice of job opportunities are posted, resulting in an extremely open process. In others, decisions are made by relatively small groups of upper level managers and are simply announced.

Appraising: Performance management incorporates the review of past performance and the setting of objectives for the future. It should be regarded as a fundamental managerial activity that to some extent formalizes the everyday processes of feedback between manager and employee (Eugene & Nice, 2002). Various approaches to appraisal can be adopted and the choice of system will reflect the style and culture of the organisation. Some will be top down and judgmental, others will be more open and developmental. In either case it is important that a sound basis is established for other associated elements of human resource management practice; that is, training and reward management (Eugene & Nice, 2002). Thus, performance appraisal is a linchpin in strategic management. Once strategic goals are established, it is important that the performance appraisal system be adjusted to evaluate the behaviours needed to achieve these objectives (Cynthia et al., 2003). Method of appraisal says Okere (2019) should vary with the organisation's strategy. For example, Richard and Craig (1997) noted that firms following an operational-excellence strategy that is low-cost producer, should have performance measures focusing on such things as total cost of production, errors, waste, net sales and so forth. On the other hand, firms following a "customer-intimacy" strategy that is, unique solutions and high levels of product customization, will need to assess performance in terms of things like customer retention rates and number of referrals from current customers (Richard and Craig, 1997).

Compensation: Eugene and Nice (2002) suggested that fostering a motivated workforce lies at the heart of human resource management. If people are motivated towards appropriate goals then the likelihood of organizational success is enhanced. Motivation theory has developed over time, and a good understanding of motivation is necessary if we are to manage compensation effectively. There are several different systems of payment and reward, some of which can be used in combination, and others provide alternative choices (Newman, 2001). Thus, what gets compensated will be a focus of attention for employees, so it is important that their focus is directed on to behaviours that will be of advantage for the organisation and its members. Perhaps more than any other area of human resource management, the reward structure communicates the overall philosophy and strategy of the organisation (Cynthia et al., 2003). Furthermore, choices with respect to rewards overlap many other areas of human resource management. As with performance appraisal systems, Richard and Craig (1997) noted that different reward systems are needed for different strategies. Operational-excellence organisations should focus on team productivity, profit sharing, and skills-based pay, while customer-intimacy firms should focus on individual rewards, non-financial rewards, and service award programmes.

Training and Development: If employees are to behave flexibly and effectively they need to acquire and develop knowledge and skills (Chutterbuck, 2001). If employees are to believe that they are valued by the organisation they need to see visible signs

that the company has taken their training needs seriously. Littlefield (2000) argued that training and development are the processes of investing in people so that they are equipped to perform; these processes are part of an overall human resource management approach that hopefully will result in people being motivated to perform. Cynthia et al (2003) believed that some organisations do not train and develop their workforce but instead seek to hire skilled employees from the outside. At times, as a result of either fast growth or rapidly changing technology, this is the only way to acquire the needed expertise. Other organisations prefer to develop expertise in-house, although training and developing employees is both costly and time consuming. Becker and Huselid (1999) suggested that to be effective, training and development must be tied to the overall strategic objectives of the organisation and to other human resource systems. For instance, due to tight labour-market conditions and the need to keep its cost low as part of a cost-leadership strategy, a firm may need to develop its non-managerial workers for managerial jobs. One step toward this goal would be to have them work with and learn from current managers. However, if existing managers are not rewarded for helping to develop others, they probably will devote little time and energy to the task (Cynthia et al., 2003). In addition, development efforts will be counterproductive unless promotional opportunities are available for those who complete the programme. If employees cannot use what they have learned in-house and/or are not rewarded for doing so, the best of them will tend to depart for opportunities in other firms.

Employee Influence: One of the rediscoveries in recent years according to Richard and Craig (1997), was that empowered employees tend to manage their performance in support of business objectives. The concept of employee influence has evolved from superficial participation, that is suggestion systems to responsibility for direct input into the decision process, accountability for outcomes, and sharing in the wealth created by these outcomes. Therefore, one of the human resource practice issues that continues to be prominent is the amount of influence accorded to employees in such matters as organizational goals, rewards, working conditions, and the work itself (William, 1989; Robert, 1993). Thus, organisations are finding that empowered employees, that is, employees with a feeling of involvement in the results of their efforts, strengthen the organisation.

Work Systems: Another factor in individual productivity and organizational effectiveness is the design of work. That is, jobs have greater motivational value when they give individuals greater responsibility and control of their work as opposed to simplification or overspecialization (Michael & Paul, 1989). The use of work systems to influence productivity has also been manifested in an emphasis on teams. The team approach is consistent with delayering, that is, the trend for fewer management levels and fewer managers. Therefore, says Cresencio and Jerry (1991), more authority and responsibility are delegated to self-managed teams or autonomous work groups to plan, organize, supervise, and evaluate their own work.

Human Resource Practices and Strategic Fit

The process of transforming traditional human resource management into strategic human resource management is a fine example of how aspects of human resource fit can be managed (Richard & Benson, 1993). During a period of declining sales and low employee morale, Martin et al. (1994) in a research set a new strategic business principles for organisations, such as:

1. Make people a key priority.
2. Win customers for life.
3. Use the total quality management approach to run the business.
4. Profitably grow by being the leader in customer-led applications of technology.
5. Rapidly and profitably globalize the business.
6. Be the best value supplier.

Once these general strategic principles had been established in Nigerian organisations, the development of a more strategic and integrated human resource function become possible.

Human Resource Practice: Strategic fit Versus Strategic Flexibility

Research has proved that strategic fit is a highly desirable and state for human resource managers to achieve in their organisations. However, as with many things in life, too much of a good thing might have bad consequences. Gerald et al. (1999) stated the fact that organizational environments are dynamic and has evolved much speculation about the prescription for tight fit of human resource systems with any particular strategic goal. Chadmick and Cappelli (1999) pointed out the dysfunctionality of external fit in arguing that as fit to external conditions becomes closer or tighter, this can become more problematic as competition changes. The authors further noted that embedded systems and structures are difficult to change under any circumstances, and the greater the intermeshing of fit of such systems, the more entrenched they become, and the more difficult they are to modify. Thus, their discussion centered on the danger of human resource systems becoming too well fitted to a particular business environment and strategy. They suggested that an organisation could become like the woolly mammoth: a fantastic, successful creature until the weather changed and, boom it to death. However, several researchers pointed out that both fit and flexibility are needed for long-term competitive advantage (Chadmick & Cappelli, 1999).

Patrick and Scott (1998) suggested that fit and flexibility are independent concepts, with human resource managers needed to pay close attention to both. They described fit as a temporary state in an organisation. Fit may exist at time 1, but not at time 2. On the other hand, flexibility is a characteristic of an organisation related to its ability to meet the demands of a dynamic environment. Patrick and Scott (1998) distinguished between two types of flexibility; "Resource Flexibility" which is the extent to which an organisation can apply its resources to a variety of uses and purposes. Resource flexibility also involves the cost, difficulty, and time needed to switch resources from one use to another. For example, a company may hire employees who possess a particular skill

needed for their current business strategy. This means, there is a good fit between the skills of employees hired and current strategy. Also, organisation may include in its selection process measures of trainability to learn that allow the hiring of employees who can more easily develop new skills if they were needed. So, in this case the organisation has both "resource fit and resource flexibility" (Gerald et al., 1999). At the same time, coordination flexibility concerns the extent to which an organisation has decision-making and other systems that allow it to quickly move resources from one use to another. For example, AT & T's Resource Link is a database of employee skills to which line managers have ready access. This database provides information about the skills of current employees in other areas of the company. If "new skills" are needed in one area of AT & T, Resource Link increases the likelihood that these skills can be quickly obtained from areas where they already exist. According to Patrick and Scott (1998), Resource Link provides enhanced coordination flexibility within AT & T. As with the development of strategic fit, the establishment of human resource practices that provide both fit and flexibility is something that human resource managers cannot do alone (Cynthia et al., 2003). They can accomplish this difficult task only by developing a strong partnership between themselves and line managers.

Research Method Adopted

The present investigation applied literature survey method. Past studies related to the work were reviewed extensively. The information gathered from the studies were qualitatively analysed. The works that were found not suitable for the research were completely dropped.

CONCLUSION

Managing resourceful humans requires a constant balancing between meeting the human aspirations of the people and meeting the strategic and financial needs of the business. Some researchers believe that there is a universal set of human resource practices that will contribute to a firm's success, regardless of the business environment or the company's strategy. The role of strategic human resource managers is one of incorporating these universally effective human resource practices into their organisation. The issue of fitting human resource practices to business strategy is becoming increasingly relevant in modern business and is perhaps the most important human resource issue for staff and line managers. Researchers have maintained that there are three aspects of human resource fit which include (1) vertical fit, (2) horizontal fit, and (3) external fit. Also, research has proved strategic fit as a highly desirable state for human resource managers to achieve in their organisations.

RECOMMENDATIONS

The study proffer the following recommendations for fitting human resource practices to business strategy in Nigerian organisations.

1. Human resource practices should result in and continuously reinforce behaviours needed to accommodate specific aspects of the external environment and help achieve organizational objectives.
2. There should be a match between human resource practices and overall business strategy.
3. There should be interrelationship among human resource activities.
4. Human resource activities should be matched with the demands of the external environment.
5. Organisations should develop internally consistent configurations of human resource practice choices that will help implement the organisation's strategy and advance its competitiveness.
6. Organisations should use total quality management to run business, and also try to win customers for life.

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