BECOMING A STRATEGIC PARTNER IN ORGANIZATION MANAGEMENT

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ABSTRACT

In Nigeria, the disregard and lowly status of human capital in organizations have being pointed out by recent happenings both in public and private sectors. There is the problem to identify the important strategic role of human capital. The organization’s leadership seek to maximize the return on investment but ignore the return on their greatest asset-human capital, which explain why they tend not invest in it. It is unfortunate that human capital practitioners condone this situation. It does not help that the government, the largest employer, regards human capital (HC) as an administrative process. The concern of the paper is that while human capital is the foundation of the value creation, this asset is the least understood and least addressed by the management. This presentation provides the theoretical perspective of a Chief Executive who has a strong belief in the vitality of people in an organization.

Key Words: Strategic, Partnership, Organization, Human capital.

1.0 INTRODUCTION

The effectiveness of any organization is influenced greatly by human behaviour”, Gibson, et.al,(1994:7). People are a resource common to all organizations. As a resource, human effort makes the different between success and failure. Human capital arises out of any activity able to raise individual workers productivity (Scott and Marshall, 2006). Observed, the significance of the above facts are lost on many organizations. This is largely arising from our traditional culture, where people are regarded as mere resources. Where human capital, is in effect another kind of machine to be scheduled, controlled and manipulated in much the same way, hence, the expression “human resources”.

A major shift is called to understand that human beings require harmonious relationships and management must exercise sensitivity to peoples’ (employees) feeling and take great care of their welfare. Therefore, management leadership should be concerned with creating an environment that facilitates the recruitment, development and motivation of good people. Furthermore, personnel activities should have particularly important contribution to forming and managing the values of the enterprise and consequently its success.

Recent developments in Nigeria, both in public and private sectors manifest the scenario of relegating the human capital. This reveal its perceived consequences for growth, business innovations and continued organization effectiveness and labour stability. Relegating the human capital reveals a trend of corruptive policies and implementation, undemocratic tendencies, violation of trade union rights, treating the employees with levity and applying alienation process on the employees.
In dealing with this subject, “becoming a strategic partner”, the paper is organized into four sections including this particular segment which is a brief introduction of the thrust of the paper. The second section present the perception of the underlying human capital issues, the mission statement, organization culture, structure and processes. The third segment is an analysis in light of human capital (HC) roles and its effectiveness with regard to business partnership. Finally, section four draws conclusion and suggestions hinged on the focus of HC management in order to achieve a meaningful treatment on employees.

2.0 HUMAN CAPITAL ISSUES

2.1 Trends in Human Capital

Several developments have occurred in the workforce. There is a general belief that education systems have changed, and that education acquired by an individual affects the employee work activities. Observed, while in past years, the focus was on general education, however, today’s greater access to information and communication technology, and exposure to best practices have rendered the current generation more productive. This fact has drawn attention to the “intellectual capital” (Opara & Eboh, 2017) of employees as representing the greatest asset any organization can have. Human capital refers to human being as employees. The human capital is identified as the most critical factor in the workforce (Merriden, 1999).

Population growth has also led to a greater supply of potential labour including women, attitudes to whose education have also changed. People tend to be living longer post-retirement, possibly because they are starting their career earlier. The current economic situation has rendered the workforce more money motivated leading to job hopping. Their desire for greater individual control of their lives have resulted in a reduced interest in collective bargaining.

2.2 Strategy

A strategy, “is a plan for interacting with the competitive environment to achieve organizational goals” according to Daft & Bowerman(1998 : 21). Goals define where the organization want to go and strategies define how the organization will get there. Strategy is concerned with how the organization position itself and its internal capabilities with regard to the environment it operates in, and in particular to its competitors to establish sustainable competitive advantage.

Furthermore, strategies for the future involves the determination of the critical goals, objectives and success factors of an enterprise, the adoption of courses of action and the allocation of resources necessary to achieve these goals. The emphasis is on focused actions that differentiate the enterprise from its competitors. Business is not only for stakeholders who are people, but it is about people, operated with people and managed by people. This perspective stresses the need to manage people in ways that obtain added value from them and thus achieve competitive edge.

2.3 A Partnership

A partnership is an alliance of people who share or take part with others especially in a business with shared risks and benefits (Gibson, Ivancevich and Donnelly,1994). The use of
the word “becoming” on the theme shows that a focus on partnership needs to be developed. Effective partnership forges a bond between employees and the management leadership of the organization, and is a blend of strategy, work processes and communication. The difficulty for many organizations are their mind-set in maintaining effective partnership. Attitude and trust are the greatest human capital partnership challenges. The way people are taught to behave to others internally will reflect on external relationships. According to Health (2016 : 68), opines that:

Factors contributing to employee effective partnership including treating employees with respect, providing regular employees with respect, providing regular employee recognition, empowering employees, offering above industry average benefits and compensation, providing employee perks and organization activities and positive management within a success frame-work of goals, measurement and expectations. Effective partnership creates job satisfaction.

This perception is also shared with Fidellaga (2017), when he admonishes that, job satisfaction of an employee plays vital role for organization performance. How do we change that traditional “them and us” attitude to industrial relations? How can less control over our people give greater results? Most management leaderships are conditioned to the attitude that employees are basically lazy, in need of discipline and their personal goals are at variance with the organization goal. This is the basis of trade unions whose mandatory rule is to protect employees from exploitations and stopping organization leadership from taking them for granted. Integrity is the basis for trust and confidence, that must exist between the management leadership and employees (Dricscoll & Michael, 2001). These two concepts integrity and trust are the foundation of partnership, and once they are lost, it becomes very difficult to regain.

Trust and confidence are the basis for effective partnership which brings about job satisfaction. Oshagbemi (2000), as cited by Swaminathan and Jawahar (2013), defined job satisfaction as an emotional response that happens as a result of the interactions between the values of the workers in relation to his/her job and profits he/she received from the job. It is a good state of pleasure the employee obtains from his or her job and experience (Tanriverdi, 2008). However, employee satisfaction is essential to the success of any business enterprise. Furthermore, one event that destroys trust in the organization is down-sizing. When an organization experiences a down turn in its performance, the management leadership with connivance of the human capital manager, lays-off staff, usually with minimal employee communication. The writer find this situation odd since the true culprits are the management leadership and human capital manager. Every organization should understand the value of the good employee, including retaining them and optimizing their performance.

Staff knowledge has to be leveraged for the good of the organizational business. The way the staff members are treated and supported, provides a key foundation for partnership in any organization. Most problems in organization business relationships are attributable to ineffective communication. Communication and employee access to relevant data are critical. Internets and group-ware products can improve the linkage of work processes and communication.

3.0 STRATEGIC HUMAN CAPITAL (HC) MANAGEMENT

Hayton (2003), in his analysis explained strategic human capital (HC) management as a people-focused approach to human resources (HR) that units a variety of human resource
processes, to work-force and performance management. It is creating value through people (Ingham, 2007). The key to strategic human capital management (HCM) is treating your employees like an investment. To do that, organization management leaders/CEOs must take into account all parts of the employee life-cycle, from recruitment to retirement. A principal goal of strategic HCM is to enhance work-life, because happy employees lead to effective relations and positive organization business results. Furthermore, as a strategic approach to the management of an organization’s people, its most valued assets, who individually and collectively contribute to the achievement of its objectives. Think of your personal most valued assets, how you maintain its value and compare that with the quality of HC philosophy in your organization. They key dimensions are shared goals, mission, commitment, shared values, flexible roles, a flat structure, three way communication, team-work and empowerment. The strategic HCM support involve the followings:— work-force planning, competency, management, performance, compensation, planning/strategy, time-expense management, learning (education/learning), recruitment and on-boarding, contingent workforce management and on organization visualization. Wikipedia (www.ultimatesoftware.com/what-is-strategic-human-capital-management).

The important of strategic HM cannot be over emphasized. It centers around organizational biggest investment:-your employees. It helps to manage and develop the organization’s workforce throughout the employees’ life circle. It optimizes organization culture, developmental process and organizational performance. It is a means that increase in efficiency, improves visibility, connect disjointed practices etc. Based on its (strategic HCM) value creation and important, the paper believe that there is a correlation between strategic HC management and the success of an organization, whether in private or public sector or the country itself. For “developing country”, read a country where inadequate attention is paid to peoples’ development, for instance, Nigeria as a country, and most organizations in Nigeria have failed to tap human capital.

3.1 The New Economy

We can recall the traditional economic factor of production of capital assets, finance, entrepreneurship and people. In the agrarian age, land was the primary factor and gave way to capital as the means of increasing productivity. Historically, wealth are accrued to the owners of the factors of production (Wikipedia, free Encyclopedia). Accordingly, the high income earners today are those who process knowledge and skills for today, e.g. computer specialist, consultants, internet engineering etc. We see this phenomenon at play where oil industrial engineer earns more than manufactures. By implication, the injection of information and knowledge (e.g.customer care), the introduction of additional service (e.g. post sales service) and investment in the tools of information age (automation) will reverse the fortunes of manufacturing.

In our contemporary time, computing has revolutionized the way information is processed, stored, and it’s cost and speed. Secondly, telecommunication has increased massively the amount of information in circulation as well as the speed of communication. Besides, the level of sophistication of consumers have increased as they demand greater value of money. These developments and the easy availability of finance have edged out capital in favor of information and knowledge, both of which are resident in people. This entails massive investment in knowledge acquisition and improvement, essentially education at basic and post-basic levels, training and retraining, vocational and entrepreneurial skill acquisition
(See: Policy Brief No. 3, July-September 2014; Iheriohanma 2011, Amiri, Jandgii, Alvani, Hosaniv& Ramezea, 2001; Iheriohanma 2009). Competition is therefore increasingly service based and knowledge intensive. Thus, human creativity and productivity are the key source of competitive advantage.

3.2 Human Capital (HC)

Human capital is the skill, knowledge and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country—Investopedia (2014). In organizational context, human capital refers to collective value of the organizations intellectual capital (competencies, knowledge and skills). This capital is the organization’s constantly renewal source of creativity and innovativeness (and imparts it the ability to change) but is not reflected in a financial statements; Wikipedia, Free Encyclopedia (www.business dictionary/definition/human-capital.html).

An organization is often said to be as good as its people. HC can be more valuable to employers than physical assets because of the time and expense needed to hire, train and retrain qualified staff. This is a type of capital from which a return can be obtained by investing judiciously in its development. The value of human capital originates from competence (knowledge and skill), attitude, (motivation and behaviour) and intellectual agility (innovation and adaptation). HC is a mediator in the relationship between human resource practice and performance (Wright & MC Mahan, 2011). However, unlike other forms of capital, investment does not lead to its ownership since people are mobile in response to the degree to which the work environment respond to their changing needs.

In this respect, you will recall Maslow & Herzberg whose motivation theories call for an attention by the organization to the continuously changing individual needs of its people. These changes emanate from societal developments including education, mortality rates, communication, technology and the diversity of the economy. The demands of business in the information-age requires the workforce to be high up in the hierarchy. However, infrastructural and socio-economic conditions in Nigeria fixate the population at the base level. The primary challenge HC management has is how to design internal systems that motivate the required upward migration. Ultimately, an organization’s goal is to generate profit. However, organizations that utilize human capital initiatives will out-perform their peers.

4.0 THE CONTEXT OF THE ORGANIZATION

Organizations all over the world, are entities that enable society to purse accomplishments that can-not be achieved by individuals acting alone. Organization is a social unit of people that is structured and managed to meet a need or to pursue collective goals; -Wikipedia (www.businessdictionary/definition/human-capital.html). Organizational business is first and foremost a public service. They are organized to do as much good as they can, everywhere, for everyone concerned- these are the ‘stakeholders’. Traditionally, business is run in the interest of stakeholders. However, that interest is best served only when the full range of stakeholders are satisfied. Since the business operates within a community, corporate social responsibility becomes a key challenge.

This principle is usually found in organization’s mission statements. Effectiveness calls for the consistency of the mission statement with the organization’s culture, organization
structure, processes and strategy. In this respect, culture defines how people behave in relationship, structure is how the people carry out their tasks and strategy, that is the means by which the people achieve competitive success. From this perspective, we can see that people (Human Capital) are at the heart of each organization and instrumental to its success.

4.1 Culture

Organizational cultures are the values and behaviours that contribute to the unique social and physiological environment of an organization. Organizational culture includes an organization’s expectations, experiences philosophy and values that hold it together. It is expressed in its self-image, inner workings, interactions with the outside world, and future expectation.-Wikipedia, Free Encyclopedia (http://www.businessdictionary.com/definition/organizational-cultural.html). Organizational culture is based on shared attitudes, beliefs and customs, it is shown:

i. The ways organization conducted its business, treats its employees, customers and wide community.
ii. The extent to which freedom is allowed in decision-making, developing new ideas and personal expression.
iii. How power and information flow through its hierarchy, and
iv. How committed employees are toward collective objectives.

The strategic role of human capital rests on the productive behaviours of the people in the organization. These strategic behaviours are those activities that serve to implement the organization’s strategy and they fall into two categories. The first is the core behaviour that support the core competencies defined by the firm. These are behaviours that are considered fundamental to the success of the organization, across business unit and levels. The second are situation specific behaviour that are essential at key points in the business value chain. The idea behind values is that they act as a binding force uniting the firm behind shared goals. The paper believe that hiring people who will adapt quickly to the values and standards of the organization is often more important than their skill or experience set.

5.0 THE TYPICAL ORGANIZATION STRUCTURE

Organization structure is the typically historical arrangement of lines of authority, communication, rights and duties of an organization.- (http://www.businessdictionary.com/definition/organizational-structure.html).

All organizations have a management structure that determines the relationships between the different units and the members subdivide and assign roles, responsibilities and authorities to carry out different tasks. Furthermore, organization structure determines how the role, power and responsibilities are assigned, controlled and coordinated, and also how information flow between the different levels of management. However, a structure depends on organization’s objective and strategy.

The typical organization structure reflects the above functions or process and geographical focus of operations. The paper argue that people are the ‘heart or ghost in the engine’ of each organization and instrumental to its success, hence, the role of the personnel unit becomes
critical. Human capital (HC) is not defined by what it does, but by what it delivers; results that enrich the organization’s value to its stakeholders.

5.1 Processes

The value chain model describes all processes from the analysis of customer needs through delivery of the product/service. A key development has been the shift away from outright ownership to maintaining flexible ties between suppliers and buyers through partnership. Experience has shown that specialization yields decisive benefits where as integrated chains lose that focus. Thus, organizations/companies tend to concentrate their energies in their core area of competence. These developments have made partnerships more compelling. Effective partnership has also been greatly facilitated by development in information technology-IT. Creating strong informational links between a supplier and customer permits more efficient transfer of goods and services. As an example, in Nigeria, service companies such as Price-water-house Cooper, maintain strong ties with universities and cultivate an image with potential recruits. The trend to cost cutting and greater focus on core competencies has led many organizations to out-source activities that were once considered essential. Out sourcing is having a third party vendor furnish service for an activity that would normally be carried out by internal staff. People strategy is a core competency, but people administration is not. Will benefits therefore not accrue from outsourcing the administrative element of Human Capital (HC) for instance, payroll?

5.2 Human Capital Strategic Role

In an organization, the concept of human capital recognizes that not all labour is equal, and that the quality of employees can be improved by investing in them; the education, experience and abilities of employees, have economic value for employers and for the economy as a whole. Human capital (HC) practitioner must become subject experts in a team of internal consultants rather than members of the old style structure. The HC specialist must determine which aspects of the organization’s system of HC performance enablers (from recruitment to development and rewards) support the non-HC performance drivers of each business unit. An example, is the degree to which staff turnover rates and rewards for service quality are consistent with the operation unit’s performance driver of ‘develop superior service quality’. Specifically, HC might suggest processes to encourage a high level of staff retention and a training/reward system that encourage technical expertise and innovation. This kind of synergy makes for the true partnering between HC and the rest of the organization. The process of implementing this strategic role calls for:

i. Clarifying how the strategic goals will be implemented and communicated throughout the organization such that employees understand their role and means of measuring achievement.

ii. Build a case for why and how HC can support the strategy. At first level, HC improves to a professional focus, but nevertheless is not truly a strategic partner. At the ultimate stage, HC combines the appropriate human capital management (HCM) policies and practices into an internally coherent system that is directly aligned with business priorities and operating initiatives most likely create economic value.
iii. The next step is a value chain mapping which defines those processes that drive organizational performance.

Thus, we identify the HC performance drivers (such as competence, motivation, and availability) and HC enablers (competencies, rewards and work organization), suggested within the value chain. This exercise links the organization’s strategic goals with its performance drivers and defines the competencies and behaviour employees need to ensure these goals are achieved.

iv. This exercise will facilitate the design of HC systems and policies that would support the HC enablers.

6.0 EFFECTIVENESS

On effectiveness, it is the degree to which objectives are achieved and the extent to which targeted problems are solved, (http://www.businessdictionary.com/definition/effectiveness.html).

In contrast to efficiency, effectiveness means ‘doing the right thing’, while efficiency is ‘doing the thing right’. Strategic partnership demands new competencies and effectiveness by HC practitioners including greater attention to strategic issues and less on traditional matters, computer literacy and the ability to anticipate the effects of change.

6.1 Knowledge of the Business

So far, the paper has dwelt on the structure of the strategically managed organization. This is because to be valuable business partners, HC professionals need to know about the business because, understanding allows them to adapt HC and organizational activities to changing business conditions. Only by knowing the financial, technological, and organizational capabilities (defined as the culture, structure, processes and strategy) of the organization can you grasp the HC requirement of the business. This suggest that the HC practitioner must have some working experience of the different functions of the organ gram;- marketing, finance, sales, productions, and technology in addition to human capital.

6.2 Mastery of human capital

Human capital (HC) professionals must continually update themselves on the developments in the underlying theory of HC and be agile to adopt that theory to their situation. Thus, knowing and being able to deliver innovative HC practices build these professional’s credibility and earns them respect from the organization. HC practitioners must accept the fact of, however, against the danger of adopting theories which were propounded to address a different environment. Note, the Nigerian culture is different from the Japanese or American culture, and therefore Nigerian HC practices must reflect that difference. It is part of the weakness of the profession that a body of theory is yet to be researched.

6.3 Management of change

A human capital professional who can respond to a change in strategic direction will require the following abilities; the ability to diagnose problems, build relationships with clients, set a...
leadership agenda, solve problems and articulate a communication programme and implement goals. This competency involves knowledge of change processes, skills as a change agent and ability to deliver change essentially for moving the people aspect of the organization.

6.4 Management of culture

The organization with the stronger cultures tend to be more successful, while ‘strength’ is defined by the degree to which employee behaviour is consistent with the value of the organization. HC professionals are the custodians of the corporate culture and must not only ensure that the employees’ behaviour produced by HC system are woven into the culture of the organization but also must live these values in their own work. Accordingly, their colleagues will view them as trustworthy and dependable.

6.5 Communication

In organizational context, communication main function is to inform, persuade and promote goodwill (Wikipedia, the free Encyclopedia, 2016). The flow of communication could be either formal or informal. Communication flowing through formal channels are downward, horizontal and upward, whereas communication through informal channels are generally turned as grapevine. Based on communication main function, management leadership must view employees as a set of customers and internal communication must reflect this. A comparison of the volume, expenditure and quality of external operations with employee communication is revealing. Employees derive their views of the business from various sources. Unless there is a champion in the organization, it will prove difficult to communicate a consistent message, this is where the role of human capital (HC) becomes very essential. The focus will be on communicating a set of values which embody the ideas behind the corporate strategy in a motivating manner.

7.0 OPERATIONS

The papers so far have dealt with the subject at a strategic level. Operations management (OM) refers to the business function responsible for managing the process of creation of goods and services (Investopedia, 2014). It involves planning, organization, coordinating and controlling all the resources needed to produce an organization’s goals and services. In terms of internal partnering by human capital (HC), there are three alliances- management, business units and the workforce; where HC practices need to be supportive of the organization’s goals and objectives.

In terms of partnering with the general management of the organization, HC has the responsibility of advising management on their people management roles, determining the staffing plans for the organization’s future and structuring succession plans for each management position, accompanied by appropriate career counseling. HC also needs to focus on the recruitment and deployment of capable managers as well as the training and development of current and potential managers. As the champion of the employees, HC would also monitor and provide feedback of workforce attitudes in order to influence management behaviour.
With regard to business unit partnership, HC needs to understand the business unit’s strategy which will typically comprise a balanced scorecard of value drivers relating to customers, processes, finance and human capital. The objectives underlying the strategy will usually comprise the following:

- Developing new products and market opportunities.
- Improving the quality of existing products and services.
- Reducing cost and improving values.
- Providing fast and more sensitive responses to meet the customer’s need, and
- Anticipating and managing the implication of change for work-force.

On the basis of the objectives arising from the strategy, the units support requirements would be translated into a service level agreement. The performance measures contained in the services level, agreement include:

- Satisfaction, response time.
- Availability reliability.
- Effectiveness and innovativeness.

With this understanding, it would then be necessary to align the HC support structure and practices with such requirements. HC would draw-up its performance measures and provide the business with regular feedback and its performance relative to the service level agreement.

7.1 Partnering with the work-force

In organizational management perspective, partnering with the work-force is a healthy industrial relations and collaborative effort to create long term relationship between the employer (management leadership) and employees. Human capital (HC) role in this respect are:

- Delegate authority and ensuring capability at the lowest point where all the necessary information are available.
- Encourage people to take on broader roles and responsibilities demonstrating more thoughtful responses.
- Enhance people capability to produce excellent performance without a dependence on hierarchical authority.
- Furthermore, in this respect HC role is to provide individuals with dignity, recognition and purpose, encouraging their success and linking that success to the enterprise. Release and develop the capabilities of people. Recruit, develop and retain people with the right combination of specialist know-how, skills and attitude needed to match the business demands. Design, implement and manage remuneration, reward and appraisal systems which align and motivate people individually and in turn towards business priorities and results. Also, HC well-being of the work-force by providing appropriate working conditions, health and safety initiatives.

8.0 CONCLUSION

In organizational settings, human capital management has become a set of practices related to people resource management. These practices are focused on the organizational need to provide specific competences and are implemented in three categories:
work-force acquisition, workforce management and workforce optimization. On that note, the roles of HC management are to;
- enable management enhance the individual and collective contribution of people to the success of the enterprise.
  - Properly reflect the peoples’ interest by representing personnel issues in management decision-making.
  - Invest in individuals and the organization in learning and libraries.
  - Undertake any action necessary to ensure personnel policy that is executed throughout the enterprise.
- Thus, the focus of HC management is to:
  - Play an active role in designing business strategy.
  - Add value to the business making process.
  - Contribute to the profitability of the enterprise.
  - Promote peoples related problems.
- Maintain and recommend changes to organizational values in relation to people.

Human beings require harmonious relationships and management must exercise sensitivity to peoples’ feelings and take great care of their welfare. This perspective stresses the need to manage people in ways that obtain added value from them and thus achieve competitive edge.

Effective partnership forges a bond between employees and the organization and it’s a blend of strategy, work processes and communication. Attitude and trust are the greatest partnership challenges. Communications and employee access to relevant data are critical channels. The key dimensions of strategic management are shared goals, mission, commitment, shared values, flexible roles, a flat structure, three way communication, team work and empowerment. Strategic partnership demands new competencies by HC practitioners including greater attention to strategic issues, computer literacy, and the ability to anticipate the effects of change. This new approach calls for knowledge of the business, mastery of human capital, management of change, management of culture and communication.

People are at the heart of each organization and instrumental to its success, the role of the personnel unit becomes critical. Therefore, management leadership assessment of the performance of their HC function is not defined by what it does, but by what it delivers, results that enrich the organization’s value of its stake holders. To gain credibility, the HC function must live up to this expectation. The benefits that would accrue to the organization include:
  - Up to date expertise.
  - The continuity of teams.
  - Shared accessible knowledge.
  - Low loss rate of talent.
  - An open customer focus.
  - A flexible organization.
  - Mistake shared/learnt from.
  - Extensive collaboration.

In summary, the HC practitioner is the strategic support system of the organization, as a result should be enhanced. According to Nsa, he emphasized that:
There is tremendous unused potential in our people. Our organizations ensure they use only 5 to 10 percent of their abilities at work. Outside of work, they invest the other 90 to 95 percent to various social and private engagements. We have to learn how to recognize and employ that untapped ability that each individual brings to work each day.


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