

Insights into the Principles and Strategies of Human Resources Management Practices in Multinationals Enterprises Based in Nigeria.

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Abstract:

The purpose of this paper is to set the scene for examining the principles and strategies behind human resource management practices (HRM) in Multinational Enterprises in Nigeria (western Africa). The research is intended to be informed by a survey by 100 participants. It is proposed that that HR practice and practitioners in Nigeria are often open to people management practices, as seen in both liberalised and coordinated economies (Anakwe, 2002; Azolukwam and Perkins, 2009), even though they are influenced by government policies and shaped by the society at large. The practical implication of such research is that by understanding the Nigeria terrain, especially the political and economic landmarks, multinational enterprises are more likely to formulate and implement HRM principles and strategies that will help result in the successful attainment of organisational goals. In terms of originality and value, the proposed study remains a source of empirical study on the subject, an area which currently has a dearth of research led study. It provides further theoretical and empirical data to support debate on the subject matter.

Keywords: Emerging Economy; Human Resource Management; Multinational Corporation / Enterprise; Nigeria.

I. Introduction

There has been a dearth of current knowledge on aspects of human resource management (HRM) strategies and practices in multinational enterprises (MNE) based in emerging markets. It is generally assumed that HRM practices in such economies would replicate practices in those of developed economies - either because of their perceived superiority as well-tested paradigms, or through cultural hegemony. However, there is broad agreement that there is no one dominant paradigm of MNC strategy and practice (Kamoche, 2011; Horwitz, 2012; Edwards & Ferner, 2012) in emerging markets. HR strategy and practices of multinational corporation's (MNCs) originating from liberal-market economies are different to those originating from coordinated market economies (Hall and Soskice 2001); the dissemination of home country to host country is known to vary (Perlmutter 1969); and there is some evidence that home country practice may be influenced through some form of 'reverse transfer' practices, influenced by host country practices (Ferner 1997). With all of this variation amid 'western' – and now increasingly Chinese – MNC's operating in developing countries; it cannot be taken for granted which approach to HRM would be taken by MNE operating in emerging economies. This study is set to explore several unanswered questions. Does HRM practice of MNCs in emerging economies similar to those in liberal market economies or those of coordinated market economies? Are there clear strategies that set out HRM practices and goals? And to what extent are these strategies influenced by practices of other advanced and emerging economies? Do they take advantage of inadequate employment law and high level of unemployment? Are they informed by cultural hegemony or differences?

The proposed research will be based on exploratory analysis to consider how HRM strategy and principles has been practiced in Nigeria MNCs. It is proposed to survey 100 human resources management practitioners, "personnel managers" and employees from 10 multinational enterprises based in Nigeria. The survey will include respondents from the petroleum, banking, telecommunication, construction, marketing, and conglomerates firms. It is anticipated that HRM strategies and practices are product of both liberal economy practices from western democracies and a culture that have been shaped by militarization of the society through a prolonged military rule, under which employment law are disregarded. Based on these suppositions, this study will therefore attempt to examine the principles and strategies behind human resource management practices in Multinational Enterprises in Nigeria with a view to answer the questions above.

2. HRM in Perspective

The field of HRM has continued to evolve over the last four decades. This evolution, though gradual, have been linked to economic, technological and social realities that influence the way organization conduct business (Wilkinson, Redman, & Snell, 2009). HRM has seen significant transformation in practice which has led to its transition from a state of insignificance to one of prominence and strategic value (Anakwe, 2002; Schuler, Dowling and Cieri, 1993). In today's globalized market economy, where emphasis are on reduction of barriers to trade as a tool for achieving increase competitive advantage, profit, and better goods and services, the role on HR remain important and the management thereof (Wright & McMahan, 2011). More so the recent financial crisis exposed the volatility and connectivity of world economy and the need for organizations to pay adequate attention to development of their human capital. As a result, the role of HR has become increasingly germane to the survival and success of organizations. From a strategic view point, this can be attributed to the erosion in the source of traditional power and the ascendancy of the value of human intellect (Huselid & Becker, 2011; Lengnick-Hall, Beck & Lengnick-Hall, 2011).

Whilst most people will subscribe that HR is essential to organizations competitive advantage, previous study proved differently (Way, & Johnson, 2005). Long standing tradition revealed that organization does not rest their fortune on HR. In the past, the activities of HR department and personnel remains largely of little significance in most organizations, and competitive strategies have not been based on the behavior, skills, capabilities and wherewithal of its employees. Wilkinson, Redman, & Snell, (2009) concluded that employees are considered as a cost that should be minimized if organizations are to remain profitable. Most often management will attempt to reduce employees'

impact on production and maximize its profit by replacing labour with capital where possible whilst also creating artificial classes among employees' in their organization.

Today however, this is fast changing. The economic and control of market share largely depend on the intellect and wherewithal of the HR of organizations. HR is now in the forefront of organizations creativity that captures market and ensures competitive advantage. Evidence revealed that organizations that have gained and maintained good market share are those that recruit and retain creative, inspired and resourceful human labour (Bartlett, & Ghoshal, 2013; Lengnick-Hall, Beck, & Lengnick-Hall, 2011). In a study that examined the impact of strategic human resource practice on corporate performance in selected Nigerian Banks, Ojo (2011) revealed that a positive relationship subsist between organization performance and strategic human resource practice. Wang, Tsui, & Xin (2011) explore links between leadership behaviours and performance of firms and concluded that there is a direct link between leadership behaviours and firm performance.

HRM is concerned with the resourcing and management of employee and employment relationship on the one hand and the agreement that are established between the individuals and the organizations on the other. The later, in the past, often centres around organizations and management concerns instead of those of the employees. With the continued important role played by employees, the former appeared to be taking centre stage in most organizations. The current trend has therefore meant that whilst managing employment relationship and employees expectations, HRM, must also ensure the achievement of organizational goals and interest.

2.1 Theoretical models of HRM

Like many fields of academic endeavours, HRM literature has witnessed significant increase in empirically based studies. HRM research, within international context, has seen considerable difference in approaches employed by academics and practitioners from different disciplines. Among these disciplines, there are some common denominators. Dowling, Festing & Engle (2008) highlights some of the common characteristics, especially those that exist between nations. Available literature covers wide range of spectrum of issues. They include the Harvard Framework, Guest's Model, Cultural Approach, Storey's Model, Patterson's Model, and Best Fit/Contingency Model (Guest, 2011; Huselid, & Becker, 2011; Jiang, Lepak, Hu, & Baer, 2012; Volberda, van der Weerd, Verwaal, Stienstra, & Verdu, 2012; Dartey-Baah, 2013; Storey, 2013).

The recognition of the growing relevance of effective HRM in a globalized economy has necessitated this new trend. However, our understanding of the process and strategies of managing people in less developed economies remain at best shallow despite huge number of research and technological advances to bridge the barriers between developed and developing world. There abound theories attempting to explain how HR function are organized and managed in MNCs (Geary and Roche, 2001; Farndale, Paauwe, Morris, Stahl, Stiles, Trevor, & Wright, 2010). However, in spite the continuing 'globalization' of world economy, differences still exist among MNCs with regards to methods and strategies employed to manage HR in developed and developing world.

Studies have attempted to establish the differences that exist in HRM practices across and between MNCs (Rosenzweig, and Nohria, 1994; de Guzman, Neelankavil, & Sengupta, 2011; Gammeltoft, Filatotchev, & Hobdari, 2012). A host of factors have however been found to be responsible for these differences. They include, culture of the host country, country of origin, level of unemployment in host country, type of government in host country and subsidiary factors (George, Kuye, & Onokala, 2012; Horwitz, 2012). Some of these studies concluded that the extent to which host country culture affect HR practices in MNCs differ between MNCs (Horwitz, 2012; Cooke, 2012). However, host country effect remains important to HRM practice in MNCs. It exerts considerable influence on different HR practices in different country where MNCs operates (Rosenzweig and Nohria, 1994; Ferner, 1997). Hence Ferner (1997) submitted that the nature and context of the host country affects the extent to which MNCs may implement country-of-origin HR practices. HR practices at host country may best be described as a form of hybrid of the parent and host country practices (Tregaskis, & Brewster, 2006).

2.2 Convergence/divergence/cross-vergence perspectives

Increase in international business and attempt to 'globalize' business activities often led to rekindling of interest in the convergence/divergence and cross-vergence models. The convergence argued that economic ideology is germane in any business system. Hence developed economies will operate similar HRM strategy and principle (Briscoe, & Schuler, 2004). Consequently they concluded that developing economies will adopt the same economic ideology during the process of industrialization (Gentry, & Sparks, 2012). The proponents of this view argued that HRM practices will universally be aligned to those in either developed or developing economies (Festing, 2012). On the other hand the proponents of the divergence view argued that country and cultural differences play important role in HRM strategies and policies. Beyond economic ideology, they argued, is culture which is deep-rooted in all societies. The divergence view concluded that culture will remain a driving force that influences HRM practices irrespective of the level of economic development (Hofstede, Hofstede, & Minkov, 1997). The cross-vergence proponents believe that both culture and economic ideology are important. Cross-vergence is a product of interaction between culture and economic ideology. The creation of a new value system that sprouts from the interaction is known as cross-vergence (Gentry, & Sparks, 2012).

3. The Nigeria context

HRM practice in Nigeria has evolved over the years. Before the turn of the century, the term HRM is hardly mentioned. "Personnel Management" was the phrase widely used. The development of HRM coincides with developments in both academia and industry. Considering HRM within the Nigeria's context, it is important to recognize that the term may not be homogenous and can sometime be vaguely used especially in public sector establishments. The variations relates to whether the organization is a public or private sector organization. Public sector remains conservative holding tight to terms like Personnel Management while the private sector are quick to evolve with development across the globe. Nevertheless, there are common trends in the use of the term between both the public and private sector organizations.

An overview of the approaches employed by MNCs in Nigeria revealed that there is no one consistent approach to HRM practice and strategy among MNCs. The review further suggest that due to the culture and other organizational, environmental and economic factors prevailing in Nigeria, MNCs are unable to adopt uniform approach to managing HR. neither the convergence nor divergence is dominant, rather a blend cross-vergence approach characterised by need and necessity of the time. Anakwe (2002) described the Nigeria's situation as reflecting a combination of foreign practices driven by the organization's culture or strategy and local practices driven by the country-specific factors (Anakwe, 2002:1047).

4. Sampling strategy and properties

It is proposed here to employ a non-probability sampling technique. A strategic sampling method will be employed in deciding the firms.

The choice of firms is partly based on their relevance, contribution to the economy and the level of impact the financial meltdown had on firms. This is important as recent development revealed a change in HR strategy and practice in firms adversely affected by the financial crisis.

A total of one hundred respondents are proposed, and these will come from ten different workplaces.

Of the respondents, it is anticipated that most of them will be on full-time permanent employment contract. The final choice of organizations is yet to be decided. Hence it is difficult to state with certainty the percentage expected from the different sectors, industries and firms.

It is intended to run a pilot study prior to a more substantive study later.

5. Conclusions

The purpose of this paper is to set the scene for examining the principles and strategies behind human resource management practices (HRM) in Multinational Enterprises in Nigeria (western Africa). The research is intended to be informed by a survey and the practical implication is that, by understanding the Nigerian political and economic terrain, multinational enterprises will be better placed to establish HRM approaches that will help result in the successful attainment of organisational goals. The research is intended to provide further information for debate on the subject matter and to help support various parties involved such as those outlined in Table I.

Human Capital Developer: Preparing employees to meet future challenge.

Employee Advocate: Addressing the need of organisation's current workforce.

Strategic Partners: Incorporating the role of change agent, business expert, strategic HR planner and manager of organisational 'knowledge'.

Functional Expert: Emphasizing concern for administrative efficiency and the design of HR policies and interventions.

Leader: Incorporating leadership of the HR function itself, working collaboratively with other areas of the business.

Table I: Typology of HR roles (Source: adapted from Wilton, 2011).

The purpose of this working paper is to set the scene for the research and to invite commentary and debate.

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