

HUMAN RESOURCES MANAGEMENT IN THE FINANCIAL SECTOR

**A CASE STUDY OF
THE CENTRAL BANK OF NIGERIA.**

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OCTOBER, 1999**

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**A CASE STUDY OF
THE CENTRAL BANK OF NIGERIA**

BY

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A PROJECT SUBMITTED TO THE DEPARTMENT OF
BUSINESS ADMINISTRATION,
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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF MASTERS IN BUSINESS
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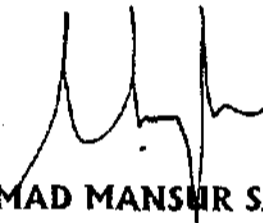
OCTOBER, 1999

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DECLARATION

I hereby declare that this research project has been conducted solely by me under the supervision of Mallam Dalhat B. Imam of the Business Administration Department, Faculty of Administration, Ahmadu Bello University, Zaria, Nigeria.

Authors whose works have been referred to in the project have been duly acknowledged.



MUHAMMAD MANSUR SALAHUDEEN

(MBA/ADMIN/04114/1993-94)

October, 1999

CERTIFICATION

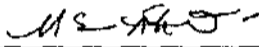
The research work entitled "Human Resources Management in the financial sector: A Case Study of the Central Bank of Nigeria," has been certified as having met the partial requirements for the award of the Masters in Business Administration (MBA) Degree of Ahmadu Bello University, Zaria, Nigeria.



Supervisor
Mallam Dalhat B. Imam

29/9/2000

Date



External Examiner
Professor Usman A. Zahraddeen

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Date

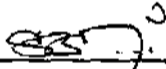
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18/5/2002

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Dean, Post-Graduate School

10/09/02

Date

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DEDICATION

To my aged mother, Halimat.

My wife and Children : Maimunatu, Firdaus, Anas, Fadilah and
Mubarak.

The entire Rabi'u family.

ACKNOWLEDGEMENT

To Allah (SWA) be the Glory, all praises and thanks goes to Him. Many people have contributed in many ways to the success of this study. I however feel much obliged to tender my sincere appreciation to my able and dependable supervisor, Mallam Dalhat B. Imam, who patiently read through the manuscripts, gave contributions, suggestions, advises and criticisms throughout the period of this research. May the Almighty keep you and your family in good health always.

My sincere gratitude goes to the Dean of the Faculty of Administration, Professor Sheik Abdullahi, the Head of the Department of Business Administration, Mallam Abu Abd-Samad, the MBA Course Co-ordinator, Dr. Sani Abdullahi for their support, encouragement and fatherly advises during the period of this programme.

I wish to equally acknowledge the encouragement and support given to me by my lecturers during the programme. To all, I say a big thank you.

My colleagues in the 1993-94 MBA Class equally contributed immensely to the success of the programme.

Finally, I wish to thank the entire Rabi'u family, who supported and encouraged my quest for knowledge from my childhood to date. May the Almighty reward all abundantly, Ameen.

ABSTRACT

This research work sets out to study and examine how effective human resource is being managed in the financial sector using the Central Bank of Nigeria as a case study.

Investigations have been made to see how human resources has thus far been managed by the Central Bank of Nigeria.

Findings based on feedback from the samples interviewed and questionnaires administered were interpreted. This interpretation reflects the items of the samples over pressing issues of this research. Consequently, the approval or disapproval of the research hypothesis were determined by the numerical strength of the sample opinions and the findings made by the researcher from the relevant literatures, especially in the publications of the Central Bank of Nigeria itself.

The researcher found out that although the Bank has a whole department in charge of the management of its work force, the recruitment, deployment, development and proper utilization of this work force still leaves much to be desired.

This is greatly attributable to poor records keeping, which makes timely retrieval and update of personnel records extremely difficult and in some cases impossible. The simple structure and staff strength of the Bank at inception (two departments and 104 staff) and its present complex structure (with 24 departments and over 8,000 staff) makes the system in place cumbersome, unpracticable and outdated.

The phenomenal growth in the highly professionalised work force of the Bank continues to pose complex managerial challenges and practices.

Consequently, the system either overlook or ignore some of its functions as it cannot, effectively, cope with the sophisticated demand of managing the over 8,000 highly professionalised work force of the Bank.

The present day human resource manager equally needs an effective tool that will assist him in molding and shaping the Bank's most valuable asset (humans) into the next millennium.

In this vein, the Central Bank of Nigeria has, to a certain extent, attempted to partially package and implement an electronic Human Resources Management System. The full implementation and utilization of this much needed tool for the effective harnessing and utilization of its abundant work force has however not been achieved yet.

Recommendation as to how the Bank can improve in its efforts to effectively manage its professionalised human resource were highlighted.

TABLE OF CONTENTS

Title page
Approval/Certification
Declaration
Acknowledgement
Abstract
Table of contents

CHAPTER ONE

1.0	Introduction
1.1	Historical background of the study
1.2	Statement of research problem
1.3	Purpose of the study
1.4	Significance of the study
1.5	Research hypothesis
1.6	Scope and limitations
1.7	Research methodology
1.8	Definition of key terms

CHAPTER TWO

2.0	Introduction
2.1	An overview of the Financial Sector
2.2	Human Resource/Personnel Management
2.3	Planning and recruitment
2.4	The employee selection process
2.5	Training and development
2.6	Performance appraisal
2.7	Transfers, promotions and demotions
2.8	Separation: Resignation, Layoff, Retirement
2.9	Compensation, Wage and Salary Administration.

CHAPTER THREE

3.0 Introduction

- 3.1 Historical background of the Central Bank of Nigeria
- 3.2 Ownership and organizational structure
- 3.3 Functions of the Central Bank of Nigeria
- 3.4 Human Resource Management in the Central Bank

CHAPTER FOUR

4.0 Introduction

- 4.1 Sources of data
- 4.2 Data presentation and analysis
- 4.3 Hypothesis testing

CHAPTER FIVE

5.0 Summary, recommendations and conclusions

- 5.1 Summary
- 5.2 Conclusions
- 5.3 Recommendations

References

Bibliography

CHAPTER ONE

1.0 Introduction

Loosely speaking, Management is described as “getting things done through other people and ensuring that it is properly done”. In other words, it is a process of planning, organizing, controlling, and coordinating activities of other people towards common objectives – Agbato, J.O., (1990).

Similarly, it is universally accepted that of all the resources at the disposal of any agency of economic production, whether on a micro or macro scale, man is superior to all other factors of production like money (capital), material, and machine.

Japan’s economic miracle of our time is a testimony to this truism. If Japan could produce so much while processing relatively so little raw materials, the secret of the far eastern jet-age wonder lies no where else than in an optimally utilized Japanese manpower. If Japan could rightly conceive and isolate the problem of its economy with the attendant constraint equations of raw materials, and find the solution for maximizing production and profit in accurately determined optimal levels of manpower use, any other nation, indeed any organization could do likewise – CBN Personnel Bulletin (1993) .

Improving that feat, that effort, in the financial sector is the thrust of this project. If this project does so much as to stimulate more thoughts in the sector for the effective use of its abundant manpower, through all means possible, the most golden of its resources, it would have been richly rewarding and deeply gratifying to me.

“There is enormous untapped brain power and an ample energy available in an employee. This is a biological fact and indisputable” – P.W. Betts, (1967). This succinct statement bears greater relevance to this project, since failure to plan for the effective use of manpower through proper management, using the right tools, by any organization or industry is inexcusable and indicates unhealthy management outlook.

The founder of the Japanese firm Matsushita Electrical Industries once said “We make people before we make products”. Indeed, his company attributes its phenomenal growth, from a three-man enterprise to the largest electrical home appliances manufacturing company in Japan and worldwide, to this unique human resources management philosophy and practice – CBN Personnel Bulletin, (1993).

The basic philosophy of the Matsushita is that in the development of individuals, lies the development of organizations and ultimately the development of the nation and the world at large.

It is a statement of fact that the very important process of determining goals, and judiciously employing the factors of production to achieve these goals are carried out by human beings. Hence it is therefore proper to say that all other factors (resources) are dependent on manpower for effective harmonization in order to achieve the organizational goals. Of all the tasks of management, success or failure depends on how well human resource is managed, particularly since all activities in organizations are planned and executed by the persons that make up that organization.

KASHIM IBRAHIM LIBRARIAN

However, whether one subscribes to the philosophy of the founder of the Matsushita Electrical Industries or not, the undeniable fact is that manpower is not only an important resource, but also extremely costly and valuable, hence the need for its effective management.

1.1 BACKGROUND OF THE STUDY

All those involved in the management of an organization know that the resources available to the manager are Manpower, Money, Time and Materials and that for all these, he is accountable. But it will be very interesting to, for a moment, consider which of these resources is the most expensive.

Let us take a simple arithmetical illustration, using the recent salary review by the Obasanjo administration to ₦5,500.00 minimum for the states. The minimum annual salary of any state government employee at ₦5,500.00 per month is ₦66,000.00. For every minute the employer pays 57k approximately; ₦2.85 for every 5 minutes; ₦5.70 for every 10 minutes; ₦17.10 for every 30 minutes; ₦34.20 for every 1 hour; and ₦273.60 per day. Assume further that in a day of 8 working hours, the employee wastes 1 hour daily in an unproductive activity, in one year of 230 working days, the employer would have spent ₦7,866.00 on non-productive activities per employee. If you multiply this by, say 500 employees currently employed in an organization, that would be a staggering ₦3,933,000.00 (Three Million, Nine Hundred And Thirty Three Thousand Naira), paid out for nothing, which represents a waste of scarce resource.

To further illustrate the cost of manpower to an organization, Newswatch edition of 10th November 1992, reporting on the Federal Government's new guidelines on pay, as at that time, based on the recommendations of a Committee of Chairmen of government-owned banks appointed by the Minister of Finance and Economic Planning in 1991, stated that out of an income of ₦523M (Five Hundred And Twenty Three Million) earned by Union Bank of Nigeria Plc for the year ended 1991, ₦424M or 81.11% went on staff remuneration while First Bank of Nigeria Plc during the same year paid out ₦379M (Three Hundred And Seventy Nine Million) or 94.33% in salaries out of an income of ₦401M (Four Hundred And One Million). It is therefore very clear from the above illustrations that manpower is money, hence the need for its effective and efficient management.

Many organizations have come to realize that the percentage cost of manpower in their annual budgets is always high, in some cases extremely high, indeed experience shows that most countries in the world are concerned seriously with the high expenditure incurred on manpower, particularly in countries where the government is the major employer, like Nigeria.

Effective personnel management is evidently imperative to every organization for the following obvious reasons:

- ☼ First, on cost grounds; many organizations, especially those developing rapidly, just cannot afford to devote so much of their resources to pay the salaries of their employees.

- ⊗ Secondly, there is acute shortage of specialized skilled personnel in some areas of the economy, hence the urgent need for the effective management of the few at the organization's disposal.
- ⊗ Thirdly, the cost of personnel turnover due to rampant separations and recruitment is a matter of great concern to organizations.

Manpower, must therefore, be budgeted for, planned and properly managed not only in the interest of the organization and the nation at large, but also of the individual employees themselves.

Human resources management therefore, is the process of effective acquisition, development, and utilization of an organization's workforce for maximum efficiency. These include manpower planning and recruitment processes, selection process, training and development, evaluation and compensation, promotions, discipline, transfers and separation etc. W.L. French, (1978).

The management of human resources hangs on two extremes with the workers or employees at one end rendering the best services for the organization, and the organization at the other end satisfying the aspirations of the workers. Human resources management attempts to reconcile these two extremes into an amicable workable compromise acceptable to both the organization and the workers.

Workers play a major role in the success of any organization. Their productivity is important in attaining set objectives of the organization. Increased productivity of workers derives from the development of workers who must have been acquired for maximum effectiveness and efficiency.

Without effective management, increased productivity and improved quality of work life, all very vital for continued existence, attainment of organizational goals and individual workers goals, will elude an organization. Though instituting a productivity improvement or quality of work life program may be encompassed with many pitfalls, the potential financial gains may well justify the efforts - Wayne F. Cascio, (1986).

1.2 STATEMENT OF RESEARCH PROBLEM

The attainment of high performance and efficiency in most organizations has for decades been an illusion. This is not unconnected with the problem of decline in workers productivity, as in most cases all other factors of production have been adequately provided.

As a corollary to the above statement, the Director General of the Industrial Training Funds (ITF) was quoted as saying, during the fund's biennial training conference in the Guardian Newspapers of Tuesday, November 16th, 1999, that "only the quality of human capacity that transforms and adds value that generates development". It is neither the quality or quantity of natural resources or raw materials, nor the volume of investment finance or the sophistication on technology that generates development, but the quality of human capacity which transforms and adds value to these endowments and factors.

This decline in workers productivity as a result of the absence of an effective human resources management policy and practice constitutes the problem of this research work.

1.3 PURPOSE OF THE STUDY

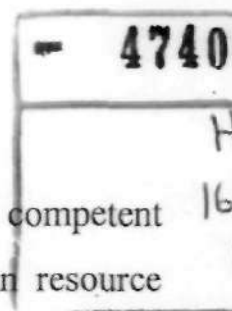
Improved productivity and quality of work life is a yardstick for measuring the effectiveness or otherwise of human resource management. This is a significant determinant of the continued success of an organization. Thus increased productivity stems from training and development of employees which in itself is an offshoot of effective personnel management. The whole processes of recruiting, selecting, developing, utilizing and accommodating workers must be adopted by organizations seeking the achievement of overall corporate goals through an effective workforce – C.C. Nwachukwu, (1999).

The purpose of this thesis therefore, is to identify the existing system of human resource management in the Central Bank of Nigeria. The study will attempt to ascertain the effectiveness of the existing system in relation to improved productivity, adequate staff utilization and development. It will also attempt to bring out the norms and current personnel management practices in the financial sector of the Nigerian economy, looking into those critical areas of personnel management processes which require policy formulation to guide the management.

1.4 SIGNIFICANCE OF THE RESEARCH

Organizational objectives can only be achieved through a competent workforce, which in turn is achieved through a good human resource management

The significance of this research hinges on its ability to bring to light critical issues engulfing present day human resource management practices upon which policies are formulated by organizations, forming a



basis for manpower selection. Such policy issues are those that describe a networking of the interrelated human resource management components. As such this study touches every component part of present day human resources management.

Every organization has recognized the value of human participation and individual contribution in the attainment of the organizational objectives or goals, as such more efforts are geared towards the attainment of the highest production with maximum effectiveness and efficiency within its reach, and these can only be possible through a good human resources management. It is of great significance therefore, that this research work has proved that human resource is a very vital and integral part of the organization's portfolio of resources which require effective management for maximum efficiency and the attainment of overall corporate objective.

1.5 HYPOTHESIS OF THE STUDY

In statistical hypothesis, assumptions are usually made about sample parameters, these parameters may be true or false. Based on the statement of the problem of this study, the following hypothesis have been formulated to test the validity or otherwise of the data collected.

H₀: That inadequate career development plans and programs due to lack of accurate data of employees as a result of poor records keeping leads to gross under utilization of employees capabilities.

H₁: That inadequate career development plans and programs due to lack of accurate data of employees as a result of poor records

keeping do not lead to gross under utilization of employees capabilities.

H₀: Improved productivity is a function of an effective human resources management in the Central Bank of Nigeria.

H₁: Improved productivity is not a function of an effective human resources management in the Central Bank of Nigeria.

1.6 SCOPE AND LIMITATIONS

With the constraints of time and costs, the scope of this study has been limited to my employer – the Central Bank of Nigeria.

But this is not to say that the essence of the findings of this study could not be of general use and application. Human beings, apart from relatively minor effects of organizational or societal culture in them are the same, whether they work for a block making industry or a bank. The pivotal skills for their optimal management are therefore bound to be alike.

Another major constraint of a study of this nature is usually accessibility to data which in most cases is considered classified. This particular study is not an exception as the Central Bank of Nigeria strictly limits access to its personnel records. Therefore, given the resources available, this research is limited to the data available in the bank's staffing policy, its bulletins and bullion and other relevant literatures.

1.7 RESEARCH METHODOLOGY

The methods employed for data collection in this research work are mainly interview, documentary and questionnaire. Staff of different cadre and contrasting background were interviewed while some were issued questionnaires. Accessible manpower planning records of the bank and publications like the bank's bulletin and personnel bulletins were examined in the light of the literature and contemporary practice and thinking on human resources management

1.7 DEFINITION OF KEY TERMS

1. Management:- "Getting things done through others", i.e. the coordination of all the resources of an organization through the process of planning, organizing, directing and controlling in order to attain organizational objectives – Koontz, (1961).
2. Resource:- Anything found to be useful given a particular situation or circumstance - quite a relative term – Oxford Advanced Learners Dictionary, (1989).
3. Manpower:- Refers to human resource available in an organization or country. It is succinctly put as the labour or workforce or rather the employees of an enterprise – Elmer Burack, (1965).
4. Planning:- This is essentially the art of arranging productive factors with the aim of achieving future successful results, with the minimum waste of resources – C.C. Nwachukwu, (1999).

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5. Effective:- Capable of yielding desired effects or positive results – Advanced Learners Dictionary, (1989).
6. Efficient:- A measure of the degree of resource utilization. Advanced Learners Dictionary, (1989).
7. Productivity:- The measure of how well resources are brought together in organizations and utilized for accomplishing a set of results – Elmer Burack, (1965).

CHAPTER TWO

2.0 Introduction

In a modern organization that emphasizes division of labour, the function of manpower recruitment is delegated to the personnel department. It is the function of this department to select, train, develop, assimilate and remunerate employees. The personnel department is expected to formulate manpower policies and take a detailed study of financial incentive programs. It is responsible for the coordination of performance appraisals, administration of discipline, and the promotion of formal organizational communication through the use of newsletters or the use of the organization's notice boards. It promotes labour management relation and sees to the administration of labour contracts. The personnel department also undertakes personnel research to determine the best ways of recruiting, and committing employees to achieve organisational objectives – C.C. Nwachukwu, (1999).

In this chapter, we intend to take a look at what makes or constitutes the human resources management processes as enumerated above, as it is fundamental to a better understanding of the topic of our study. However, we will first have a cursory look of what makes the financial sector of the Nigerian economy, our target of study.

2.1 AN OVERVIEW OF THE NIGERIAN FINANCIAL SECTOR

The financial sector of the Nigerian economy comprises the capital and money markets, referred to as the financial markets. These consists of institutions that ensure the pooling of funds for business transactions,

governmental business and the individual needs. The financial markets facilitate inter-mediation of funds by acting as a bridge head between the surplus and the deficit sectors of the economy – Hicks, U.K. (1962).

They comprise all the facilities by means of which people arrange to lend and borrow money or near money assets. Financial market is a network of lenders and borrowers of money and near money assets in a country either on short or long term basis. It is the meeting point of lenders and borrowers of funds and securities. The banking sector, to which the Central Bank of Nigeria belongs, is a subset of the financial sector.

In a commodity market, the value of goods are expressed in money price. The price of instruments traded in the financial markets however, are expressed in terms of interest rates. Financial assets, which refers to documents evidencing obligations having money value, which may be transferable or not on which rights and liabilities exist, are the assets traded in the financial markets.

The financial markets generates a wide range of financial instruments useful in transferring purchasing power and tailored to match the time preference of the borrowers and lenders – Olalusi, F. (1999).

In the course of marketing, borrowers and lenders or financial intermediaries tend to identify individuals, governments, and firms willing to transact securities which will satisfy the investment need of clients and ensure efficient use of existing resources in executing the transaction.

The Money Market:

This is a market for sale and purchase of short term loans and securities. The level of development of the financial market account for distinction between short, medium and long term loans and securities. In Nigeria, securities maturing after one year are considered medium and long term, in Britain however, those maturing after six months fall into this category. .

The money market can be subdivided into primary and secondary markets; discount and parallel markets; or inter-bank market, inter-industry market, market for short local government debt instruments etc. While the inter-bank market is highly developed in Nigeria, the inter-industry market for short term loans and securities is still in the infancy while the market for short term local government debt instruments is yet to develop – Olalusi, F. (1999).

Some basic traits of money market in Nigeria are that instruments traded are money or near money assets. These instruments mature within 12 Calendar months and are marketable as they are usually devoid of onerous burden. The major instruments in the money market are treasury bills, trade bills maturing within 180 days, and a number of private inter-bank instruments.

The Capital Market:

Dealings in medium and long-term securities are done in the Capital Market. It provides funds for the industry for expansion and modernization and to the government for development purposes.

The capital market can be segmented into primary and secondary markets or market for negotiated capital funds and long term securities market. While the market for negotiated funds can be broken down into informal capital market

and market for institutionalized funds, the long-term securities markets comprise new issues market, and the stock exchange.

The major institutions in the capital market in Nigeria are the Nigerian Stock Exchange, the Nigerian Securities and Exchange Commission, the development banks, insurance firms, stock brooking companies, provident and pension fund companies, mortgage institutions and other financial intermediaries. The capital market is vital in every economy because it provide funds for the industry, household and governments; create marketable securities, encourage thrift especially in the urban and rural areas; reduces uncertainty in investment planning and the institutionalized schemes provide cheap credit, e.g. small scale enterprises scheme – Hicks, U.K. (1962).

2.2 HUMAN RESOURCE/PERSONNEL MANAGEMENT

One of the major problems confronting management in any organisation is the most effective way of matching people with jobs. The perennial question that experts often ask is whether we should design the job to suit the individual or get the individual to fit into a job position.

Human resource/personnel management is an enterprises function which deals with the effective acquisition and utilization of human resources to achieve both the objective of the enterprise and the satisfaction and development of the workers (employees). In its ideal practice, it is future oriented, and focuses on maximizing the productivity of the enterprise as well as the satisfaction of the individuals at work. When effectively performed, the personnel function can make the crucial difference between successful and unsuccessful enterprise.

Personnel administration refers broadly to the procurement, development and utilization of an organization's human resources (R.W., Beathy and C.E., Schneier, 1977). Regardless of its size, age, location, product or service provided, it must procure human resource in order to be viable; and in order to survive and maintain on-going worker commitment, the organization must design programs to develop the human resource it acquired. This definition points to the fact that human resources management involves the processes of procurement, development and utilization. The degree of reliance on these three varies from organization to organization, the relative importance of each of the processes also vary overtime and within an organization.

Personnel administration and personnel management are two separate activities that are quite similar with overlapping duties. While personnel administration refers more to the design, implementation, evaluation and administration human resources programs, personnel management involves decision making regarding the processes of procurement, development and utilization. Thus while the personnel administrator's job involves routine problem identification through program design, implementation and evaluation, the personnel manager's job may typically be one of supervising and directing his or her staff - R.W., Beathy and C.E., Schneir, (1977).

Due to changing environmental influence on organizations, the profession and job of personnel is rapidly changing. The need for manpower planning is becoming imperatively necessary. Without it, it would be difficult to know the number of personnel required for recruitment, to be reassigned, due to retirement, or that need to be retrained for better utilization.

Manpower planning reduces excessive recruitment, training and transfer and thereby saves management cost and time. Elmer Burack, (1965), observed

that the major changes in population, technological innovation and size and complexity of organizations have made informal methods of employment planning obsolete for all but very small and stable organizations.

The situation is more crucial in Nigeria, where there exists scarcity of qualified manpower to fill certain specialized positions. Manpower planning is very compelling to effectively and efficiently utilize whatever personnel are available. It is mainly in this way that people in the organization who need more training could be identified to upgrade their skills in order to assume more responsible positions. It would also aid the organization to start very early to seek and find capable hands to replace those about to retire to cushion the effect of their departure from the organization.

2.3 PLANNING AND RECRUITMENT

Planning is the first and perhaps the most important function of management. The essence of planning is to prepare for and predict future events. Planning goes beyond attempting to attain stated organizational objectives. It involves the development of strategy and procedure required for effective realization of the entire plan. It entails determination of control, direction and methods of accomplishing the overall organizational objective. Planning involves the establishment of objectives and a step by step determination of the activities and resources necessary to achieve them - H.M. Carlisle, (1976).

Human resources planning therefore is a forecast of an organization's long term personnel requirement. It involves analysis of skills levels (or skills inventory); analysis of current and expected vacancies – due probably to retirements, discharges, transfers, promotions, leave of absence, sick leaves etc; and analysis of current and expected expansions or curtailments in

departments. Plans are then made to refill (or reduce) vacant positions train and develop the employed, advertise vacant positions, recruitment and hire new people etc.

Thus human resources planning is a comprehensive, on-going process, a process by which a firm ensures that it has the right number of people, the right quality and kinds, at the right time, in the right places, doing the things for which they are economically most versatile – H.M. Carlisle, (1976).

2.4 THE EMPLOYEE SELECTION PROCESS

2.4.1 JOB DESIGN

Before an employee is hired, it is important to undertake a thorough analysis of the organization to determine the number of positions that exist in the organization. An employee is hired to fill a certain position involving a certain job. The job tells the employee the activities that he has to perform and other jobs. Job design is the specification of the content, methods and relationship of job in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder - Louis E. Davies, (1966). Thus a job has –

- i. Work content
- ii. Method content
- iii. Organization content and
- iv. Personal content.

A good job design is one that takes all these into consideration.

2.4.2 JOB ANALYSIS, DESCRIPTION AND SPECIFICATION

Job analysis is the process of determining the tasks, skills, abilities and responsibilities of a job. This could be done either by interview, observation,

study, questionnaire, or experimentation. It is an information gathering process. When resolved into writing, it becomes job description. Thus job description is the summary of the tasks, and responsibilities of a job - C.C. Nwachukwu, (1999).

On the other hand, job specification is the summary of the human qualification requirements of a job. This includes education, experience, personal traits, physical requirements, mental ability and working conditions.

Thus a typical job specification would contain:

- Educational requirements
- Experience requirements
- Personality requirements
- Specific knowledge requirements
- Responsibility requirements
- Manual skill requirements
- Physical demands i.e. working condition, physical exertion and hazards.

Human resources planning and forecasting enables the personnel specialist to achieve his or her objective of human resources utilization. Plans may sometime originate or be initiated from the Chief Executive or top management but essentially, with effective coordination, involving all levels of responsibility in the organization, and spanning through different planning horizons. Essentially, human resource planning efforts have as their goal the estimation and recognition of future human resources requirements and the development of strategies to ensure that these requirements will be met by securing a supply of human resources from outside the organization and by

developing the organization's present supply of human resources - W.L. French, (1974).

2.4.3 RECRUITMENT

Recruitment is the search process usually organized along a needs- analysis basis. It involves identification of organizational requirements; preparation of a job requirement sheet to show what skills, background, experience, and personal characteristics are necessary or desirable; and some type of an evaluation sheet to help in differentiating among the prospective candidates - J.P. Yaney, (1975).

An adequate personnel recruitment programme requires that the organization should anticipate vacancies as fast as possible in advance. A good recruitment programme is one that is properly planned and well operated. Poor recruitment efforts could lead to the selection of poor applicants because positions are to be filled too quickly. If a satisfactory recruitment effort is not made, an organization may be forced to lower its standards to accept marginal applicants.

There are certain steps that are followed that lead to the employment of a prospective employee. This process is often referred to as the staffing process. The chain of events involves an elaborate use of other subsystems such as application forms, interviews, tests, reference checks and physical examination.

2.4.4 SOURCES OF APPLICANTS

(i) Internal sources:

Some organizations make it a policy to fill all jobs requiring any degree of skill from within the organization. The sources within the organization

include transfers from some other department or job and promotions within the organization. Promotion from within has several advantages. First, an organization has a good idea about the strengths and weaknesses of its own employees. Employee morale and motivation are positively affected by internal promotions assuming such promotions are perceived as being equitably related to performance. Finally, most organizations have a sizeable investment in their employees, and using the abilities of present employees to their fullest extent improve the organizations' return on its investment.

However, there are certain problems associated with the policy of promotion from within. One of these problems was popularized by Lawrence Peter, an American Management Scholar. Peter states that administrators and managers tend to be promoted to their level of incompetence. According to this Peter principle, successful managers are continually promoted until they finally reach a level at which they are unable to perform. The Peter principle can and does occur in modern organizations – C.C. Nwachukwu, (1999). The second problem is the stifling of ideas. When all vacancies are filled from within care must be taken to ensure that new ideas and innovations are not stifled by attitudes such as “we’ve never done it before” or “we did all right without it”.

(i) External sources:

Modern organizations have a wide range of external sources available for obtaining personnel. Among the more popular external sources are the following:

- (a) Employment agencies – both public and private.
- (b) Schools including specialized trade schools as well as the public schools.

- (c) Casual applicants who come to the employment organization directly.
- (d) Recommendations from present employees.
- (e) Miscellaneous organizations such as religious units, veterans groups such as the Nigerian Legion etc.
- (f) Labour unions.
- (g) Special arrangements with other organizations whereby employees laid off in one organization may be hired by another.

One of the advantages of external sources of recruitment is the injection of 'younger blood' and fresh ideas to the organization. However, the practice may create delays in getting people placed on their final job and in making clear what type of person or skill is needed from outside sources – R.W. Beathy and C.E. Schneier, (1977).

The alert personnel manager will develop these sources to a fine degree so that he can in a relatively short time supply to his organization employees possessing the needed skills and abilities. Whether management should use the internal or external sources of recruitment or both is determined by the following factors:

1. Organizational policy regarding recruitment
2. The availability of the required staff within the organization and its effect on the overall organizational efforts
3. The level of position to be filled
4. The number of job positions to be filled.

A dynamic organization however, tends to be very judicious in the use of internal sources – L.J. Clerke, (1969).

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A source is said to be most reliable if it helps to reach the largest number of qualified applicants for the post. It will also help determine which ones are most economical and effective. A source is economical in terms of the amount of money spent per applicant. It is effective if it has the largest number of retained employees after a given period of time.

2.2.5 SELECTION PROCESS

After prospective applicants have been recruited, a systematic effort is made to identify the most suitable candidates to fill identified positions. Selection is a very important process, which requires planning and objectivity. No organization is better than the people who make it up. A logical procedure for the selection is usually followed. It has to be observed that this procedure could vary slightly from one organization to the another. The level of personnel to be hired could also affect the process – E. Mayfield, (1964).

Steps followed include:

i. Application blank or form:

Organizations often include preliminary step of either an interview or an application blank in their recruitment procedure. Such steps are designed to eliminate the applicant who is obviously unfit for the type of work offered. Lack of certain requirement in education or experience might determine unfitness. A preliminary step offers advantages not only to the organization but the applicant as well. If an applicant is eliminated in the early part of the recruitment procedure, the organization is saved the expense of processing him through the remaining steps of the procedure. The applicant is also saved the time and trouble of going through the same procedure.

Application blanks are one of the most efficient ways of collecting standardized verifiable information from job applicants. Application forms differ in their length and complexity. As in many other endeavors, there is a tendency for the application form to grow more lengthy over the years as different questions are inserted to obtain desired information; frequently, various questions on the application have little current usefulness. As a general principle, the information collected should be relevant to the actual position for which the person is being recruited – C.C. Nwachukwu, (1999).

Some large organizations use weighted application forms, and have been able to put information obtained from application forms to great use. Analysis of information obtained can be used to determine statistically the relationship between such information and later performance on the job. The answers are weighted according to their relationship to success or failure.

ii. Tests:

If an applicant passes the screening process as evidenced by the information supplied in the application form, he could be subjected to a test.

The real value of tests frequently lies more in eliminating those applicants who have very little chance of job success than in selecting those applicants who will definitely be successful on a job. There are several types of tests that are used in recruitment procedures, among which are performance tests, aptitude tests, intelligence tests, personality tests, and skill and achievement tests.

Regardless of the type of test, two components of the test instrument itself must be acceptable if it is to have any value in recruitment and selection.

First, the test must be reliable. That is, the test must measure consistently the dimension that it is designed to measure e.g. job skills. Secondly, the test must be valid. A valid test is one that measures what it says it measures. For example, a test of intelligence that employ limited time to solve reading problems should measure mental ability, not the person's ability to read (e.g. reading speed). Since tests measure only part of the person, it is obvious that they may not measure everything that is relevant to performance on a particular job – W. Wilson, (1962).

iii. Interviews:

Interviews are the most widely used device for employment. Seldom is a person offered employment without an interview no matter how brief. In all selection interviews, it is important that the interviewer should collect as much information as possible about the applicant in order to decide whether a job offer could be made to him. The interviewer must be given enough information to enable him decide whether to accept the offer of employment when made to him or not – C.C. Nwachukwu, (1999).

During the interview, it is important for management to concentrate on employee's past work experience and performance for it is from these that his potential could be assessed. Another key area is to determine whether the new employee would fit into the organization or not. Every employee influences and is influenced

by people in the organization to which he is a part. Is your organization capable of assimilating him?.

iv. *Physical Examination:*

It is common practice for organizations to require that prospective employees subject themselves to physical examination before a job offer is made. The essence of this examination is to determine the physical fitness of the applicant. In the case of manual workers, sometimes a physical examination is not given; instead, a physiology analysis is given. It attempts to determine physical fitness by physiological indices (heart rate and oxygen consumption). This is analyzed through simulated job performance.

A physical examination has some salutary effects. It helps to eliminate applicants who might be real liabilities because of excessive absenteeism rate due to illness. It will help to place applicants in jobs best suited to their health. It is even to the advantage of the employee who could establish through the pre-employment physical examination that his ill health is work induced – W. Wilson, (1962).

v. *References:*

Employers usually ask prospective job applicants to furnish references to support their application. One of the ways to obtain information to augment all information obtained through the application forms and interview is to check with the people listed by the applicants.

The methods used to obtain information from referees include personal interviews, telephone calls and letters. Often the distance and lack of time make personal visits impracticable. The unreliable telecommunication facility in the country makes the use of telephone very rare. This makes the use of letters perhaps the only feasible means of obtaining the information.

vi. Offer of Employment:

The offer of employment is the cumulation of all the events that have originated from the identification of position(s) for employment to reference checks. This is perhaps the most important step in the selection process. Each factor in the process is to be weighted in the light of the circumstances. Many factors such as what weight to assign to lack of required experience on the same job, test scores, letters from references and performance at the interview, are to be considered. Some trade-offs have to be made. In making the trade-off factors such as availability of the skill required in the labour market, special environment peculiarities, prevailing wage, and the personal needs and aspirations of the applicant have to be considered – C.C. Nwachukwu, (1999).

To ensure that a valid decision has been made, some organizations use statistical procedures to combine scores from interview rating, test scores, and other quantifiable information. Empirical studies show that statistical techniques yield better results than other methods involving personal judgement which is froth with bias and prejudices. It is good for an organization to have a clear idea of the type of personnel it requires before selection starts so that the

required traits could be stressed throughout the process, thus making employment decision easy at the end.

When the decision is made to hire the individuals, they should be written to as soon as possible. Applicants appreciate prompt action from employers. All employees who receive letters of appointment should be given a time limit to accept the offer after which the offer is made to runners-up. Applicants who were not offered employment should be advised; it makes for good public relations – L.J. Clerke, (1969).

The job offer should not be too brief. It should state as clearly as possible:-

1. The position offered to the employee (applicant)
2. The salary attached to the position and
3. Working arrangements

Other pertinent information that cannot be in the letter should be communicated to him during the induction period.

vii. *Induction and Orientation:*

Inductions are the activities that are engaged in to introduce a new employee to his organization, co-workers, his job and working environment. The essence of an induction programme is to ease the initial shock that an employee is exposed to in an unfamiliar environment. The orientation aims at instilling first impression and attitude of the organization, its objectives and its people. It will help to meet the employee's need for acceptance and security – C.C. Nwachukwu, (1999).

Good planned orientation programmes would ensure that information about the employee's immediate concerns is provided. These would include his pay, work schedule, special facilities, break periods and any other information that would prevent embarrassment.

The orientation of a new employee is expected to be a co-operative endeavour. Depending on the level of personnel, the orientation could last for a full day in medium enterprises and a week in large organizations. An orientation is good for everyone – whether a night watchman or a managing director. All non-confidential information that can be passed on to the new employee should be made available; it helps to build a positive image for the organization. On this first day, the employee likes to have his job description and would like management to explain to him how his job relates to other jobs in the organization. His rights, his limitations and the organization's policies on training, promotion and special awards should be made known to him. A good start reduces initial problems and the danger of a poor attitude to work – C.C. Nwachukwu, (1999).

2.5 TRAINING AND DEVELOPMENT

Employee training and development are at the heart of employee utilization, productivity, commitment, motivation and growth. Many employees have failed in organizations because their need for training was not identified and provided for as an indispensable part of management function.

Training is organizational effort aimed at helping an employee to acquire basic skills required for the efficient execution of the functions for which he was hired. Development on the other hand, deals with the activities

undertaken to expose an employee to perform additional duties and assume positions of importance in the organizational hierarchy.

Employee productivity is a function of ability, will and situational factors. An organization may have employees of ability and determination, with appropriate equipment and managerial support yet productivity falls below expected standards. The missing factor in many cases is the lack of adequate skills, and knowledge which are acquired through training and development.

Training (as with motivation) is a way of improving performance in an organization. The objective of training is to provide or upgrade skills in order to improve performance. It is important for organization to identify their present and future training needs in order to resolve present, or avoid future performance criticisms - R.W. Beatty and C.E. Scheneier, (1977).

Training and development are necessary considering the dynamic nature of environment in which organizations exist, as well as changes occurring in its human resources. Both the organization and its members must develop new skills over time to remain viable.

Often, training precedes selection because a selection strategy may specify hiring and training on the job to be more cost effective to the organization. Applicants who do not require training would either command too high a wage or salary, or simply may not exist in the labour market. Organizations may initiate training in order to add skills, abilities, and knowledge to workers, as a job's scope changes or as the organization's products or services change due to changes and/or introduction of new technology. Training serves as a remedy for deficient worker's performance by preparing

or grooming workers for promotions – a process known as the development process.

Development process marks an individual or organization's efforts to upgrade skills, ability, or knowledge in order to facilitate the individual's personal growth in any one of a number of areas. The expectation of the organization from the investment in employee development is the person's ability to make greater contributions to the organization in future – Kuznet, (1955).

Training implies learning and a criterion for effective training is often behavioral change. Whatever form training may assume, behavior change is the ultimate objective.

Before any training programme is undertaken, the need for training has to be identified. The need for training increases as a result of new technology, new products, variety of new customers and other factors such as competitive strategy of competitors. To mount a training programme requires systems analysis. The manager tries to identify the problems encountered by different employees – salesmen, production employees, accounting staff, and others. It could be discovered that in sales, for example, the organization is picking poor prospects which means that additional training on prospecting is required. Or, analysis could reveal that low productivity in the operations department is due to work scheduling. Training in techniques of scheduling would be ideal.

Training could be a waste of time and resources if the area of emphasis in training is not properly isolated. Nothing can be more frustrating and demoralizing as teaching a person what he already knows.

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Methods and Techniques of Training:

There is no hard and fast rule as to how to select methods and techniques of training. A manager can achieve his desired objective without knowing exactly what method has been employed. The most popular training methods in use however are:-

i. On the job training.

One of the most effective and popular means of training in modern organizations. It is simple and inexpensive, and the actual training is performed by the employee's supervisor or by an experienced staff already familiar with the job. This method of training is entirely satisfactory under many conditions; however, it will not produce skilled workers in a short time nor will it produce workers uniformly skilled. Since on-the-job training tends to be administered and coordinated on a somewhat haphazard basis, these limitations are not surprising – C.C. Nwachukwu, (1999).

Nevertheless, its flexibility allows a training programme to be started and stopped at will and to be adjusted to the individual concerned. The employee has first hand experience with the job and learns by doing.

ii. Apprentice Training.

Apprentice training is really a variation of on-the-job training, but it has a different goal. In on-the-job training, the objective is to qualify the trainee to take over the job calling for a specific set of work patterns. But in apprentice training, the trainee is being trained to take over a job requiring highly skilled work applied to varying work patterns. The

training to provide prospective machinists, electricians, or tool makers is commonly handled by means of an apprentice programme.

iii. *Job Rotation.*

This is a training device that makes it necessary to move the trainee from one department or unit to another to master what goes on in that section. The essence of this programme is to broaden his experience in different jobs.

iv. *Classroom Training.*

Classroom training is conducted in a room set aside for the purpose and makes use of procedures similar to those used in regular discussions. Classroom training makes it possible to handle a maximum number of trainees with a minimum number of instructors and so is suitable for carrying out large scale instruction. On the other hand, unless the groups are limited in size, there may be hesitancy on the part of the individual participant to ask questions and the effectiveness of this method of instruction may be limited.

v. *Job Simulation.*

Job simulation is a type of classroom training in which employees receive instruction in the type of job-related activities they are expected to perform. It is a training device that trains the employee off his regular work area but in an environment closely resembling his work place. He practices his skill with identical equipment that he uses at his regular work place. Job simulation is very effective where job skills can clearly be identified and measured behaviourally e.g. typists, clerks, machine operators etc. – W.J. Foreman, (1967).

vi. ***Role Playing.***

Role playing is a technique of training where the trainee plays the part of a certain character or acts in an event. He is taught to do a job or make decisions the way he thinks his boss could have made it. Role playing is very exciting as it challenges the imagination of the employee. Role playing promotes retention as it heightens imagination, ingenuity and resourcefulness.

2.5.1 TRAINING EVALUATION

After training programmes have been initiated, designed and implemented, their effectiveness must be evaluated. Has the training programme accomplished the stated objectives?. Unfortunately however, in many organizations training efforts are never carefully evaluated. At best members of the training committee survey participants to determine if they were satisfied and thought the experience worthwhile.

The importance of qualified manpower in the social, political and economic development of any nation can hardly be overstated. No nation is known to have attained sustained high level of economic growth and development without an ample supply of qualified manpower.

“The major capital stock of an industrially advanced country is not its physical equipment; it is the body of knowledge amassed from tested findings and discoveries of empirical science, and the capacity and training of its population to use this knowledge” (Kuznet,1955).

2.6 PERFORMANCE APPRAISAL

One of the key responsibilities of the manager is to evaluate the performance of his subordinates. The essence of the evaluation is to assess their character, attitude, potentials and past performance on the job. Employee evaluation has often been called performance appraisal, performance rating or performance evaluation. Whatever name it is called, the essence of the rating is to evaluate the employee's strength and weaknesses.

One of the major reasons for employee appraisal is to obtain information for promotion, demotion, and transfer, pay increase, training and development and discharge. For the employee, an appraisal gives him a feedback as to how management perceives his contribution to the organization. If an employee perceives that he is poorly evaluated, it could affect his morale, increase his absenteeism rate and tardiness and, consequently, his overall production. This is why employee evaluation is expected to be done in the spirit of objectivity, honesty and fair play. When an official evaluates, he is in effect passing judgement that he has the competence to evaluate; he knows the employee and has observed him at work for a long time – C.C. Nwachukwu, (1999).

There is a litany of personal characteristics that are evaluated during an appraisal exercise. Some of the major characteristics often included are:-

Honesty	Personality	Dependability
Co-operativeness	Adaptability	Initiative
Leadership	Creativity	Judgement
Industriousness	Persistence	Resourcefulness
Imaginative ability	Enthusiasm	Aggressiveness

Skill competency	Loyalty	Attitude
Tactfulness	Maturity	Motivation etc.

Performance Appraisal Methods

- i. The rating method:- This is the oldest and most common. The supervisor ranks his subordinates from the most productive to the least productive.
- ii. Graphic rating method:- This technique measures two major areas of employee working characteristics –
 - (a) The basic work characteristics such as knowledge, initiative, dependability, leadership, loyalty etc.
 - (b) The employee's contribution to the organization such as quality and volume of work done.
- iii. Paired comparison method:- This closely resembles the ranking method. Two employees are compared at a time and the better one is noted; then those that are noted are paired again. This is not a popular method because there are usually many traits to be evaluated.
- iv. Forced choice method:- The forced choice method forces the supervisors to make use of restraints. The rater is forced to select a pair of sentences that best describe the employee. The purpose of this technique is to minimize bias as his lack of knowledge or inconsistency is easy to detect from his choices.
- v. Critical incident method:- In this method the rater is expected to show incidents in the work situation in which the employee being evaluated has shown positive or negative influences in work

situations. Factors such as initiative, judgement, creativity, etc. are to be shown.

- vi. Field review technique:- This method allows outside specialists to evaluate the employee. Because of the cost involved, this technique is rarely used. One of its setbacks is that the outside specialist does not know the employee nor does he have the necessary information for an objective evaluation.

Evaluation should at least, be a yearly activity of management. Performance evaluation is not an end in itself; it is a means to an end. The end is, as pointed out, to help the employee know his weaknesses and strengths, and help the employer make some basic decisions on how to distribute organizational favours. Ordinarily, employees who contribute most to organizational efforts should benefit more than those who contribute little – that is equity. Perceived inequity forces an employee to withhold a measure of his efforts toward the attainment of organizational goal – Ronald Taft, (1956).

2.7 TRANSFERS, PROMOTIONS AND DEMOTIONS.

Transfers are employee movement from one job to another, and could involve a new geographical area. The organization initiates or the employee initiates with the organization's approval. Transfers motives could range from moving employees to higher positions and responsibilities, filling vacant departments with employees from overstaffed departments, or placing employees in positions more appropriate to their interests and abilities.

Personnel promotion is the movement of an employee to a job involving higher pay, status, and thus higher performance requirements. The two basic criteria used by most organizations in promotions are seniority and merit – C.C. Nwachukwu, (1999).

(a.) **Seniority:-** One objective criterion which has been used in an effort to eliminate favouritism and possible discrimination is seniority or length of service. Labour unions have placed great emphasis upon seniority as a basis for promotion. If promotion is to be based largely on length of service, then the initial selection procedure of a new employee must be a careful one and each employee should receive adequate training in various positions. Some managers felt that an employee's loyalty as expressed by length of service deserves the reward of promotion. Basing promotion on the length of services also assumes that the employee's ability increases with service. Although this may be questionable and limited up to a certain level, it is likely that with continued service an employee's capacities to perform should improve.

However, the most serious drawback to using length of service or seniority as the major criterion for promotion is that it may discourage younger employees. These workers may believe that they cannot advance until they, too, have accumulated long years of service on the job. Consequently they lose interest and enthusiasm and perform at only an average level, since they feel that no matter what they do they will not be promoted for a long period of time.

(b.) **Merit:-** However, many organizations prefer to base promotions on merit as a way of rewarding and encouraging performance. This is due to the fact that workers with more seniority may lack the necessary skills or

educational levels needed for advanced training. Consequently, many organizations understand that length of service cannot be the only criterion for promotion or advancement. They agreed that promotion should be based upon seniority combined with merit. Obviously promotion by merit assumes that the organization has a method for evaluating performance and determining merit, an organization must also consider the requirement of the job for which an individual is being considered and not just performance in previous jobs.

Demotions however, are a particular type of transfer involving a cut in pay, status privilege or opportunity. They may result from organizational staff reductions, disciplinary penalties, or the inability of an employee to perform adequately in a particular job. In many cases, however, mutually satisfactory demotions occur because of health problems or changing interests, while in others, demotion is done to remedy a previous mistake in staffing – C.C. Nwachukwu, (1999).

What constitutes a transfer, promotion, or demotion depends upon one's point of view. Sometimes promotion are offered to people who consider them demotions or a step backward in their careers. Demotions occur infrequently and many managers prefer to discharge employees than face problems resulting from demotions.

2.8 SEPARATION: RESIGNATION, LAYOFF, RETIREMENT.

Separation is a voluntary or involuntary termination of an employee service with a given organization. Resignation is a voluntary termination of employee service from an organization. Resignation (or employee turnover) sometimes enables an organization to correct mistake in staffing or to inject "new blood" into the affected department of the organization.

This can be costly though, if it becomes excessive because of the loss in investing in recruiting, selection and training as well as the departing human resource potential. Employee turnover is the ratio of separations to total work force for a given time period. This analysis could be made not only of the entire organization but of departments, divisions or of classes of employees in order to identify problem areas – Wendell French, (1974).

Exit interviews are widely used to obtain data for analyzing causes of the turnover. A staff of personnel department conducts the interview when the terminating applicant comes for the last paycheck. These interviews tend to identify terminating employee's dissatisfaction with management and ensuring the organization's property has been checked in and that the employee understands the disposition of various benefit programs. Supervisors are likely to be defensive of criticisms of their performance that may emerge from such interviews but personnel department must use the data in a developmental nonpunitive way if supervisors are to learn from the experience.

Layoffs: This involve temporary or indefinite removal of people with surplus skills from the payroll to reduce the organization's financial burden when human resources cannot be effectively utilized. Layoffs often affects hourly paid production workers than others. But in unionized organizations, labour contracts govern layoffs and recall methods, usually seniority. The contract defines layoff and specifies the maximum layoff period before a recall and other rights. "Bumping" provisions allow senior employees descend the ladder to replace junior employees in layoff situations.

Accrued vacation pay, supplemental unemployment benefits (SUB), and continued health and life insurance, if provided by the layoff provisions of the labour contract, will be of some assistance to the employee affected by a layoff. Because of economic and human consequences of layoffs, many contemporary organizations try to avoid laying off their employees in precipitous and inhumane ways – C.C. Nwachukwu, (1999).

Retirement:- Retirement is when employees finally disengage completely from their working lives in organizations. Majority of employees (especially in public corporations) retire with the guarantee of some kind of pension in addition to government social security payments (gratuity). Usually the retirement age which is accompanied with full benefits is sixty five (65) years.

There are instances where optional earlier retirement is allowed but employers are prohibited from setting different retirement ages based on sex or from providing different benefits for sexes.

It should be noted that early retirement, voluntary or involuntary, is sometimes used as a managerial device to remedy a staffing error. Some organizations help prepare their employees for retirement by seminars, counseling, etc. and ensure that retirees remain identified with the organization by inviting them to social events, sponsoring them to clubs etc. Where a gradual retirement is allowed, it involves a gradual reduction of the workweek or providing for progressively longer annual paid vacations or leaves without pay. Paradoxically although motivational theory suggests that very effective performers express high satisfaction with the intrinsic aspects of the job, e.g. challenge, responsibility, sense of achievement, these same employees may have the

most difficult adjustment to make upon retirement. Thus while a continuation of social relationships will be important to some retirees, others will need intrinsically challenging and meaningful tasks to occupy their energies after retirement. Pre-retirement seminars, the gradual retirement concept, and counseling opportunities would seem to have particular promise for the later group.

2.9 PERSONNEL COMPENSATION SYSTEM.

After recruitment, selection and training, most organizations face the crucial problem of retaining their best employees. Hiring and training good employees may have limited utility if most leave shortly after joining the organization. Organizational effectiveness is often influenced by the ability to retain a core of high quality employees on a long-term basis. If new workers leave shortly after joining or if the longer-tenure employees are likely to quit, organizational effectiveness may suffer – Elmer Burack, (1965).

The issue of retaining high quality employees has two major components; compensation system and performance appraisal. However, the most important influence on employees decision to remain is the compensation or rewards offers for membership. The term “compensation” refers to all forms of payment received by workers as a result of employment. It includes money received directly in the form of hourly rate or piece rates; weekly, monthly or annual compensation in the form of bonuses and awards for extra performance. It also includes various cash and non-cash fringe benefits.

2.9.1 Wages and Salaries

In a broad sense “wages” covers all forms of compensation to the employees of an organization. This includes salaries, bonuses, commissions, or any other monetary payment. In a narrow usage, the term “wages” is frequently used to refer to the cash compensation given to hourly-paid employees who are hired on lower-level jobs. On the other hand, “salaries” are sometimes distinguished from “wages” and are considered as the sums of money paid on monthly-rated employees. This distinction has become widely accepted in all modern organizations.

Although it is difficult to state a wage and salary policy that has universal application to all organizations, the following factors are usually considered important:

- a. The organization’s wage and salary policy should be consistent with its stated personnel policy. The wage level should be at least equal to the prevailing wages for similar jobs in the labour market.
- b. A consistent basis for determining the relative worth of jobs within an organization should be established and adhered to. As part of this, the job content should be reviewed periodically.
- c. Provision should be made for periodic review of wages and a sound basis for merit increases established.
- d. Consideration should be given to the establishment of individual or group incentives whenever applicable in order to reward additional effort of the workers.
- e. Standards of performance should be established at reasonable levels consistent with the policy of a “fair day’s pay for a fair day’s work”, and the standards should be maintained at this level.
- f. Complete information on all phases of the wage programme should be expressed in writing and disseminated to all employees.

- g. Complaints arising from any phase of wage and salary administration should be given prompt attention and settled in accordance with the facts of the case.

Most management theories emphasize on pay as a major contributor to organizational effectiveness, rating pay administration varying degrees of importance and functions. In scientific management pay is seen as the most importance reward for workers – CBN Personnel Bulletin, (1996).

Contemporary management theory sees money as only one of the many influences on behaviour. The degree to which management regards pay as an important influence on behaviour and employee satisfaction often determines, to a great extent, the organizations wage and salary programmes.

Organizations are concerned about the level of pay satisfaction because they want to avoid strikes, grievances, absenteeism, turnover, and the ineffective use of human assets. The costs of all these factors tend to be expensive to organizations to their importance is never underestimated. Some other pay dissatisfaction behaviours could be psychological withdrawals, poor physical and mental health, etc. Suprisingly too, sometimes pay dissatisfaction could lead to desired outcomes such as improved performance and lower absenteeism to earn more money. Research however has established that building pay satisfaction is an effective way of managing organizations.

2.9.2 Fringe Benefits

These are forms of indirect remuneration given to employees for extra-performance. They include paid sick leave, paid vacations and holidays etc.

2.9.3 Equity in Personnel Compensation

In evaluating overall compensation systems, the concept of equity is very important. The term “equity” refers to the belief of employees that the reward system is fair and just. The determination of fairness, however, is personal and subjective. Individuals each determine what is fair for them. While few people are able to explain what they mean by “fairness” as they see it, it is possible to infer what they mean from their behaviour. Most employees want to be paid in such a way that the value of what they give to their organization is equal to the value of what they receive – C.C. Nwachukwu, (1999).

Equity can be evaluated along two separate dimensions. External equity is maintained when compensation is comparable to that employees might earn in other organizations for performing the same work. When overall compensation levels are low relative to those of other organizations, an incentive exists for employees to leave. When compensation is relatively high, the costs of leaving will be greater for employees, including poor performers whom organizations may wish to get rid of.

Within organizations the concept of internal equity becomes very important. Decisions must be made about the value of specific jobs to an organization and the relative compensation to be offered employees in different positions. For example, it would make little sense to offer the same level of salary and fringe benefits to a clerk as to an executive. In

theory, it should be possible to rank jobs in terms of their overall contribution and importance to organizational effectiveness. In practice this is very difficult. This problem is overcome partly by conditions in the labour market. When the supply of potential employees in a job category is great, lower compensation is required than when a severe shortage exists. This fact that Assistant Professors of Computer Science may earn more than full Professors of English may seem unfair, particularly to the latter, but it reflects the conditions in the labour markets for the two disciplines.

CHAPTER THREE

3.0 HISTORICAL BACKGROUND

The Central Bank of Nigeria which was established by Act of Parliament in 1958, started operations on 1st July, 1959. However, in 1991, the Central Bank of Nigeria Decree No. 24 and the Banks and other Financial Institutions Decree No. 25 were promulgated by the Federal Government.

The essence of the two decrees were the conferring of greater powers on the Bank in the areas of Bank Supervision and Examination, Monetary Management and the enforcement of prudential standards in banking.

These powers have made it easier for the Bank to promote monetary stability and sound financial system. The main objectives for the establishment of the Bank can be summarized as:-

- ✓ to issue legal tender currency in Nigeria;
- ✓ maintain external reserves to safeguard the international value of the legal tender currency;
- ✓ promote monetary stability and sound financial system in Nigeria; and
- ✓ act as banker and financial adviser to the Federal Government.

The Bank has the sole right to issue notes and coins throughout Nigeria, a function it started in 1959 with the issuance of the first Nigeria pound.

The Central Bank of Nigeria also monitors the use of the scarce foreign reserves to ensure that foreign exchange utilization and disbursements are in line with economic priorities and within the foreign exchange rate.

The effectiveness of any Central Bank in executing its functions hinges crucially on its ability to promote monetary stability. Using standard tools for monetary management like the prescription of reserve requirements (cash, liquid assets, reserve and supplementary reserves), interest rate regulations, direct credit control, selective credit control, variable discount rate, stabilization securities, open market operation (OMO), moral suasion etc. the Central Bank of Nigeria manages and promotes the nations monetary stability.¹

To maintain and promote a sound financial system, the Central Bank of Nigeria supervises and monitors all actors in the financial system. It also serves as the banker to the other banks so as to establish confidence in the system and ensure a high standard of conduct and professionalism in banking activities.

The Central Bank of Nigeria is also mandated to facilitate the clearing of cheques and credit instruments for banks involved in business in Nigeria. The Bank accommodates commercial and merchant banks in temporary need of liquidity as 'the lender of last resort'.

The Central Bank of Nigeria undertakes most of the governments' banking business as the banker to the Federal Government in Nigeria. It also provides banking services to states and local governments. The management of the nations domestic and external debts are carried out by the Central Bank of Nigeria, the Bank is equally active in the areas of economic development. These include the economic development of financial markets (money and capital), funds for industrial development, promotion of agricultural activities through agricultural finance and

agricultural credit guarantee, export finance, and promotion of small and medium scale enterprises (SMEs).²

3.1 OWNERSHIP AND ORGANIZATIONAL STRUCTURE

The ownership of central banks vary from one economic setting to another. Usually the economic philosophy of the state play a significant role in the ownership structure of central banks. These distinct types of ownership structure can be classified as – Public, Mixed and Private.

3.1.1 Public Ownership.

Public ownership implies central banks that are fully owned by the state. Among these are the Central Bank of Nigeria, Bank of England, Bank of Ghana, Central Bank of Netherlands, to mention but a few. The state ownership of central banks derive form the need for proper control of the economy. It is believed that central bank should be an impartial and articulate institution which must have a clear sense of its primary role and responsibility. Such an institution must not be a private property as its policy focus may tend to benefit the business of its owners. For the above reasons, central banks in most developing countries are owned by the state. The policy focus of central banks in these countries is development. Central banks are seen in developing countries as symbols of sovereignty especially in monetary and economic affairs and should therefore not be owned by the private sector.

3.1.2 Mixed Ownership.

In some economies however, the equity capital of the central banks is owned in a given proportion between the state and the private sector. In Japan for example, the state own 45% while the private sector own 55%. This gives rise to the mixed ownership structure.

3.1.3 Private Ownership.

Though considered inconsistent with national policies of equitable distribution of resources and can generate maladministration and thus impede rapid transformation of national economy, some countries have the private ownership structure. The central bank of South Africa is fully owned by private individuals. The shares owned by the individuals is limited to stg. 10,000 per person. In the USA, the capital of the Federal Reserve Bank is privately owned by the commercial banks and they receive 6% dividend annually. No one, corporate or individual, can hold more than \$25,000 shares.

3.1.4 ORGANIZATIONAL STRUCTURE

Closely related to ownership is the organizational structure, the organizational structure vary from one country to another depending on the political arrangement.

In Nigeria, Central Bank has a board of directors of eleven members. Five of these are executives who are responsible for the day-to-day administration and drawing up of policy matters. The six other members who are on part-time basis are nominated by the state and represents different sectors of the economy. This of course, include the Permanent Secretary, Federal Ministry for Finance. The Governor of the Central Bank of Nigeria is the chairman of the Board of Directors and he is assisted by four Deputy Governors constituting the committee of Governors. They are appointed for an initial period of 5 years and renewable at the discretion of the President. In the USA however, the Federal Reserve System is divided into 12 (twelve) Federal Reserve Banks. Each Federal Reserve Bank is managed by a board of 9 (nine)

members. Three of the members are chosen by the Board of Governors of the Federal Reserve Board (FRB) while the six others represents the member banks.

The Federal Reserve Board is charged with the responsibility of examining the books and affairs of the Federal Reserve Banks and publish weekly statement of the assets and liabilities of each of the Federal Reserve Banks. The FRB is made up of Secretary of the Treasury, the Comptroller of currency and six other members appointed by the President and confirmed by the Senate. Appointment of the Board members is for 14 (fourteen) years.

3.2 FUNCTIONS OF THE CENTRAL BANK OF NIGERIA

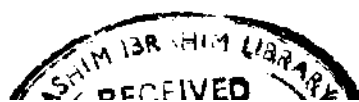
Certain functions are common to all central banks world over. These include notes issuing, banking services to the state, and they sometimes act as fiscal agents of the state.

Section 2 of the Central Bank of Nigeria Act 1958 enumerated the principal objects of the Bank, these include –

- ♣ issuance of legal tender currency in Nigeria
- ♣ maintenance of external reserves to safeguard the international value of the legal currency
- ♣ promote monetary stability and a sound financial system
- ♣ act as banker and financial adviser to the Government and
- ♣ may act as banker to other banks in Nigeria and outside Nigeria.

In general, the functions of the Central Bank of Nigeria revolve around;

- a. regulation of financial institutions
- b. banking services to its customers



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- c. public debt management
- d. monetary policy and monetary management
- e. development functions and
- f. foreign sector management.

These functions are shared among some basic units in the Central Bank of Nigeria for optimal performance which can be classified under the following headings:-

i. Currency Issuing and Its Management

A central bank is distinguished from other banks by the fact that they generally act as custodians of a country's legal tender currency. As custodians their role span beyond issuance of legal tender currency but also ensuring optimum amount in circulation. In pursuance of this function, the Central Bank of Nigeria –

- arranges for the printing of the currency and the minting of the coins
- is responsible for the issue and re-issue or exchange of currency notes and coins
- ensures the physical distribution of the notes and coins throughout Nigeria
- arranges for safe custody of un-issued stocks of currency notes and coins and,
- it is responsible for the destruction of materials used in printing of notes and minting of coins as well as the destruction of notes and coins withdrawn from circulation and considered unfit for use.

Although the cycling and re-issue of legal tender currency in Nigeria is the sole function of the Central Bank, it involves the Nigerian Printing and Minting Company (NSPMC) in the printing of notes and minting of coins and other security items. The Central Bank of Nigeria hold a substantial share in the NSPMC.

The Currency Distribution Department (CDD) in the Central Bank is responsible for the planning, production and physical distribution of bank notes and coins in Nigeria. The department also monitors the amount of money in circulation and the adequacy of the existing stock of money in the vaults of the Central Bank nationwide. The effective communication between the Central Bank head office, the branches and currency centers is a major strength in the assigned function of physical currency distribution. The activities of currency distribution department provide major input for research department in monetary policy engineering.

ii. Research Function

Effective economic management hinges crucially on a deep knowledge of the economy under focus to permit a decision on the desired macro-economic objectives – Olalusi, F. (1999). Available facts through research will allow for appreciation of available techniques for the realization of stated objectives including the target variables for which particular levels may be set.

An economy can be said to consist of the 'real' sector and the 'financial' sector. Both sectors relate to different but interwoven decision environments. While the real sector relate to environment within which economic decisions regarding production, consumption and transfer of physical goods and services are made; the financial sector is concerned

with economic decisions involving the acquisition and disposal of financial assets. It is the function of Central banks to influence economic activity through variation in money supply, in the availability of credit or interests rate. It entail the manipulation of a number of monetary instruments in such a way as to achieve pre-determined targets. All these calls for clear grasp of the various elements in the economy through research. Specifically, the research functions of the Bank is directed at:

1. initiation of improvement and suggestions for changes in policies and programs of government
2. contributing significantly to the formulation and conduct of monetary policy through basic and applied research which provide insights into the functioning of the economy
3. promoting efficient and responsive financial structures capable of postering economic growth and development
4. identification of relevant public policy issues, scholarly research and encouragement of public dialogue on research findings
5. improving the direction, efficiency and effectiveness of the Bank's operations and services through systematic review of methods of operations and allocation of resources and
6. identifying the dynamics on the international economic, financial and monetary scene and initiating policy oriented studies that will assist in designing rational and well articulated policies which will enable the country to achieve its international economic objectives.

In carrying out the research functions, it is mandatory on all institutions considered to have access to information relating to or touching or concerning matters affecting the economy to supply such information to the Bank in a prescribed manner periodically. Failure to supply

information or deliberate supply of false information attracts heavy penalties including imprisonment. The research department is the “think tank” of the Bank.

(ii) Banking Functions

The basic function of the Central Bank is to provide banking services to its customers. All other functions are as a result of the banking function. The major customers of the Bank are, the Federal, State and Local Governments, the Parastatals, international financial institutions and banks.

Section 35 of the Central Bank of Nigeria Act states:

“The Bank may act as banker to states and local governments and to funds, institutions or corporations established by Federal, State and Local Governments.”

The banking functions of the Central Bank include:

- a. Receiving payments on behalf of the customers and keeping accounts thereof gratuitously
- b. Provision of bailment service to the customers. Bailment is simply the temporary transfer of property including cash from the owner or bailor to some other person(s) or bailee, to be employed for a specific purpose or to be returned to the bailor on his order upon request. No reward is paid to the Central Bank for this purpose. In the performance of this duty, Central Bank exercise duty of care on property entrusted to it in the like of a prudent and careful man as if the property belongs to it.

- c. Provision of clearing facilities to clearing banks in premises provided by the Bank in Nigeria in consonance with section 41 of the Central Bank Decree 24 of 1991. Clearing is the mechanism for exchange of debt instrument on banking days and at a time so agreed by the clearing house committee. There are clearing houses in all the state capitals where Central Bank branches and currency centers are located. This function has made cheque and credit transactions much easier and helped in the cultivation of banking habit in Nigeria.

- d. Provision of short term finances to the Federal Government to enable it meet its budgetary commitments. There is always non-synchronization between receipts and payments of government, hence the Central Bank fund activities of government pending inflow of revenue through 'ways and means' advances. Such advances must be paid back in the budget year and the value cannot exceed twelve and a half percent of the recurrent budget revenue of the Federal Government.

- e. Provision of ancillary services to the customers e.g. night safe facilities. Customers, after prior arrangement with the Central Bank, can save with the Central Bank after the regular banking hours. Another important banking service of the Central Bank to the general public is the exchange of bank notes. The bank notes or legal tender currency may be changed for smaller denominations or exchanged because it is charred or mutilated. The Central Bank of Nigeria is statutorily vested with powers to hold redeemable bonds for purposes of regularizing any currency exchange exercise

or carry out open market operations (OMO) for the purpose of monetary stability.

(iv) Supervisory Functions

The Central Bank of Nigeria is vested with the statutory powers to supervise and examine the activities of banks. Banks are supervised and examined in order to protect the interest of the depositors, to elicit efficient management of bank resources and to make the banks contribute to macro-economic goals of employment generation, monetary stability and rapid economic development.

The control measures are preventive, protective and emergency in nature. The Central Bank of Nigeria exercise these controls through regulation of market entry; branching and exit; permissible business in banking; capital adequacy requirement; banks portfolio management; the instruments of marketing banks services and the quality of management. These functions are carried out by the Banking Supervision, Banking Examination and Research departments of the Bank. The Banking Supervision department is responsible for field examination of the records of the banks to ensure compliance with the current monetary policy and credit guidelines, and other statutory requirements, the Bank Examination department is responsible for off-site supervision of the activities of the banks through records and statements submitted to the Bank. The function of Research department is to design appropriate policy that will capture observed variance from the policy path.

The powers to supervise Community Banks, the Urban Development Bank, Peoples Bank, Federal Mortgage Bank, Primary Mortgage Institutions, Nigeria Export-Import Bank (NEXIM), Nigeria Agricultural

and Cooperative Bank and Nigeria Bank for Commerce and Industries has also been vested on the Central Bank.

v. ***Foreign Sector Management***

The on-going globalization of the world economy has made interdependence among nations imperative. The need to consume, produce, invest, borrow etc. has brought nations closer. This has resulted in international or foreign trade. The Central Bank of Nigeria play a significant role in the management of the external sector of the Nigerian economy. The overall goals of the Central Bank of Nigeria in the external sector are:-

- ☺ improving the balance of payment position
- ☺ maximization of foreign exchange receipts from all available resources and optimal utilization of foreign exchange reserves to achieve the country's macro-economic goals and
- ☺ enhancement of confidence in the external payment system by honouring international obligations subject to satisfactory documentation.

Four departments are involve in the accomplishment of these goals. These are Trade and Exchange, Foreign Operations, Debt Management and International Economic Relations departments. Each of these departments are delegated some authorities of the Governor of the Central Bank of Nigeria contributory to the above goals.

vii. Public Debt Management

Governments borrow, in order to keep the wheel of governance moving since there is non-synchronization in revenue receipts and expenditure of governments. Governments borrow to correct market distortions and bring about economic stabilization. Borrowing also serve as an effective tool in the process of economic growth and development.

Debt management is the careful design of debt policy which contributes to attainment of macro-economic goals and the actual implementation of the policy. External debt management is a conscious and carefully planned schedule of the acquisition, deployment and retirement of loans acquired either for developmental purposes or to support the balance of payment - Okunronmu T., (1991). It incorporates estimates of foreign exchange earnings, sources of finance, the projected returns from investment and the repayment schedule.

By virtue of section 27(r) of the Central Bank of Nigeria Act 1991, the Central Bank may undertake the issue and management of loans publicly issued in Nigeria by the Federal or State Governments or by Federal or State public bodies. Thus from the above, the Central Bank of Nigeria is the registrar of the Federal Government of Nigeria in the issuance of gilt-edged securities. Gilt-edged securities are government backed securities e.g. Treasury bills, Treasury certificates and the Federal Government development stocks. The functions of the Central Bank with regards to domestic debt management are:-

- ☺ advertising for the public to subscribe
- ☺ determine the price and the allotment to successful applicants

- ☺ making the funds available to Government as “ways and means” advances
- ☺ management of the redemption fund, and
- ☺ repayment to holders at maturity.

In the external sector debt management, the Central Bank of Nigeria

- ☺ monitors and collate Nigeria’s external debt
- ☺ liaises with the Federal Ministry of Finance and Economic Development and other relevant ministries/departments on debt issues and in particular on negotiations with the various categories of Nigerian creditors.
- ☺ stores and gather data on
 - debt stock profile by creditors
 - debt stock profile by countries
 - maturity profile
- ☺ management of external loans particularly the World Bank loan to support small and medium scale enterprises with 100% indigenous ownership in manufacturing, agro-allied industries, mining, quarrying, equipment leasing and industrial support. The Governor of the Central Bank of Nigeria is the sole manager of public debt in Nigeria but the authority to carry out the function is assigned to Public Debt office of the Banking Operations department (domestic debt) and the debt management department for foreign department.

viii. Advisory Function

The Central Bank of Nigeria as per section 2(d) of the Central Bank of Nigeria Act 1991, is the banker and financial adviser to the Federal Government of Nigeria.

The Governor of the Central Bank of Nigeria is usually a member of the National Economic Council, where issues of national economic interest are discussed. Central Bank of Nigeria's advisory role is restricted to financial issues only. The Nigerian economy is made up of many sectors, all interacting. It is made up of the primary sector, the secondary sector and the tertiary sector. The banking and financial sub-sector belong to the tertiary sector. Basic to the various sectoral activities is the need for funds. This makes the advisory function of the Central Bank of Nigeria very important. As indicated earlier, the advisory function of the Bank is limited to monetary and financial issues. Even then, it cannot compel the Government to accept its views. More often political expediencies may override economic prudence.

3.3 HUMAN RESOURCES MANAGEMENT IN THE CENTRAL BANK

In the Central Bank of Nigeria, human resources management is the responsibility of the personnel department. This department gives support to managers and supervisors who have direct responsibility for the management of people.

The increasing demand for the services of the Bank by its customers has created the need for more human resource in the Bank. The staff strength in 1959 was 104 but increased to 9496 as at December, 1991. The composition of manpower in the Bank is continuously changing – though marginally. For instance, the senior staff including executives constitute less than 25% of total workforce in 1988 but by 1991, the senior staff including executives was about 30%. The reason for the increase in the proportion of executives may be attributable to the shift in emphasis from clerical to policy matters.

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The key divisions of personnel department responsible for human resource management in the Bank are: Personnel Administration; Training and Recruitment; the Training Center (a division); Staff Welfare; Manpower Development and Personnel Information.

Human resources development, a deliberate effort of improving employees ability to effectively perform on the job, entails the acquisition by the employee of the requisite skills, knowledge, work attitude and education for the on the job improved performance and advancement.

Human resources development in the Central Bank is based on the response to training and development needs of employees at individual, organizational and professional levels. The Banks' policy on human resources development is:

- ▶ to enable employee acquire relevant skill and knowledge necessary for improved performance on the job,
- ▶ in order to meet the career plans of employees viz-a-viz the Banks' medium and long term objectives especially in a dynamic economic environment,
- ▶ to meet the Banks' long term perceived shortfall in skill and knowledge and
- ▶ to acquaint employees with new ways of performing given tasks.

The very beginning of manpower development in the Bank is drawing of manpower plan. The manpower development division of personnel

department is responsible for drawing the strategy for the acquisition, utilization, retention and development of the Banks' human resources.

The department identifies the present stock of manpower, identify the vacancies and assess their necessity, identify the skills of people required for a given job, identify people with high potentials and also identify unsatisfactory employees early in their career and also avoid over-staffing quantitatively and qualitatively.

Between 1959 and 1970, the staff strength was less than 1000. It was a period of stability with labor mobility being less than 1%. The grade levels then were very few. There was rapid expansion between 1971 and 1980 during which the staff strength increased tremendously to about 6000 employees. This represents a period of high labor turnover of about 12%. Manpower planning was not a conscious effort then until the Mckinsey Report of 1977. 1981 and 1985 represent another milestone in manpower planning in the Bank. It represents a period of reduced rate expansion, characterized by low labour turnover of 2%, a staff strength of about 7500 with number of grades totaling 240. An unspecified number of staff were however given forced exit in 1996 in the Banks' bid to downsize. There was a further reduction in 1998 as a result of restructuring.

Training:

At the establishment of the Bank in 1959 and up to August 1977, training was an adhoc affair in the Bank. There was no consistent training policy nor was there a training institution. The Okigbo Financial Review Committee however recommended the need for the Central Bank of Nigeria to set up a training unit. Mckinsey International Company (UK),

a firm of management consultants recommended the immediate setting up of a training school. In October 1977, training school (now training center) started operations.

The training policy of the Bank, which is a consolidation of relevant circulars on training before November 1985, has as its focus the development of the key managerial skills of those who have been assigned increased managerial functions; the improvement in the quantity of human resources; improving staff capacity for effective decision making; increasing the proficiency on the job, and to ensure qualitative management succession. Staff are trained locally and, where necessary, sent abroad.

Quality of work Life in the Central Bank of Nigeria:

Quality of work life is a deliberate philosophy of management as an organization, including that of the Bank, aimed at enhancing the dignity of its workforce, improving the physical and emotional well being of the employees and generating internal work motivation which improves performance quality.

Elements of quality of work life in the Central Bank is noticeable in the amount of resources devoted to manpower training and development, modest improvement in the conditions of service and the open system method of personnel appraisal for positions of responsibility.

The whole essence of continuous improvement in the quality of work life in many organizations is to reduce worker alienation, increase job satisfaction and productivity, reduce absenteeism, turnover and labour costs.

In the Bank, a proxy to measure the impact of quality of work life is the labour turnover, which is the ratio of staff separations compared with the number of full time staff within a specified period. Personnel department of the Bank often feel concerned whenever there is a high rate of labour turnover especially that it has implications for recruitment, training, loss of man-hours and efficient hands, impairs the goodwill of the Bank and also tend to lower the morale of the remaining staff. By 1974, the number of staff leaving the Bank rose astronomically. In 1977 alone, 550 staff left the Bank. Out of 1,253 offered placements in the Bank in 1976, only 758 accepted. Generally Central Bank of Nigeria appears to be a training ground for most of the pioneer staff of the banks in Nigeria. There are very few older banks that has not drawn its core staff from the Central Bank. The osmotic pressure of better pay in other banking institutions and perceived poor promotion prospects is responsible for the level of labour turnover in the Bank.

Labour Relations:

A peaceful co-existence between employers association and trade unions is a pre requisite for industrial harmony and consequent attainment of organizational goals. The negotiation, drafting, administration and interpretation of written agreements between two or more parties especially employers and employees is called collective bargaining – Yuill, B.F. (1978).

The management of the Central Bank of Nigeria believe in the achievement of industrial peace and harmonious labour relations. At the establishment of the Bank, there was no labour union but management encouraged regular consultation on matters of mutual interest between the

employees and the management. The regular consultation metamorphosed to what is known today as the Joint Consultative Committee (JCC) comprising representatives of management and staff.

CHAPTER FOUR

4.0 INTRODUCTION

In an applied research of this nature, attempt is usually made to test the applicability or otherwise of findings in the real world in order to form a basis for providing desired solutions to anticipated future actions. This implies that the incremental knowledge acquired from such a research must be amenable to observations in the actual world.

Data refers to raw information. It is recorded observations of events. Observation, a method of gathering data, could be direct where the researcher witnesses or partakes directly in an event, and such is limited to a small sample study supplemented or supported by indirect observation; or they could be indirect observations where the researcher relies upon others who directly observe the phenomenon. Because of the problem of confidentiality as regards to data, the indirect observation tends to be a more popular method of data gathering.

4.1 *Sources of Data*

Observations, direct and indirect, interview and questionnaire methods were used in data gathering for the purpose of this study. This is supplemented with data gathered from documentary sources such as text books, journals, the Bank's bullions, dailies, the Bank's personnel bulletins, the staff manual, personnel files etc.

4.2 *Data Presentation and Analysis*

The Apex bank, the Central Bank of Nigeria, has a staff strength of over 8,000. With twenty-two branches nationwide and four zonal offices, with

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the head office at Abuja, a stratified random sample, with 30 staff from each of the 22 locations (branches), 20 staff from each of its four zonal offices and 60 staff from the headquarters, representing about 10% of the total workforce. Consequently, 800 questionnaires were administered covering each strata of the sample size, thus:

Respondent	Frequency	Percentage
Executives	30	3.75%
Managers	150	18.75%
Supervisors	200	25.0%
Clerks	200	25.0%
Others	220	27.5%
Total	800	100%

Sixty-five (65) questionnaires were wrongly or inaccurately completed while 43 were not returned, representing 8.125% and 5.375% respectively. The remaining 692 however were accurately completed and returned.

The analysis is thus:

Inaccurately completed questionnaires:

Respondent	Frequency	Percentage
Executives	1	0.125%
Managers	10	1.25%
Supervisors	12	1.5%
Clerks	19	2.375%
Others	23	2.875%
Total	65	8.125%

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Unreturned questionnaires:

Respondent	Frequency	Percentage
Executives	10	1.25%
Managers	8	1.0%
Supervisors	11	1.375%
Clerks	8	1.0%
Others	6	0.75%
Total	43	5.375%

Accurately completed and returned questionnaires:

Respondent	Frequency	Percentage
Executives	19	2.375%
Managers	132	16.5%
Supervisors	177	22.25%
Clerks	173	21.625%
Others	191	23.875%
Total	692	86.50%

The above analysis illustrates that questionnaire administration achieved 86.50% success.

4.4 Data Analysis

Based on the administered questionnaires, the following data analysis was carried out:

4.4.1 Why join the services of the Central Bank of Nigeria?

Response	Frequency	Percentage
A	402	58.1%
B	214	30.9%
C	76	11.0%
Total	692	100%

58.1% joined the services of the Bank because of pay and conditions of service while 30.9% believe in the prestige of working for an institution like the Central Bank. The remaining 11.0% joined for job security and after employment benefits like gratuity, pension etc.

4.4.2 Recruitment process based on merit?

Response	Frequency	Percentage
A	518	74.85%
B	94	13.58%
C	80	11.56%
Total	692	100%

Majority opinion shows that recruitment is based on merit, however some see other factors like federal character and quota system having certain level of influence.

4.4.3 Job satisfaction

Response	Frequency	Percentage
A	215	31.1%
B	207	29.9%
C	270	39.0%
Total	692	100%

There is relative job satisfaction amongst employees.

4.4.4 Bank's policy towards training and development

Response	Frequency	Percentage
A	115	16.6%
B	218	31.5%
C	212	30.6%
D	104	15.0%
E	43	6.3%
Total	692	100%

There seems to be a majority feeling by the employees that training, though adequate, don't seems to be timely and relevant.

4.4.5 Performance evaluation

Response	Frequency	Percentage
A	224	35.3%
B	348	50.8%
C	100	14.4%
Total	692	100%

There is much importance attached to annual performance evaluation, workers strive to earn higher assessments.

4.4.6 Motivation as a function of productivity

Response	Frequency	Percentage
A	562	81.2%
B	80	15.6%
C	50	7.2%
Total	692	100%

Workers believe that motivation is a key factor to improved productivity.

4.4.7 Proper placement based on qualifications and experiences

Response	Frequency	Percentage
A	220	31.8%
B	167	24.1%
C	305	44.1%
D	-	-
Total	692	100%

There is a believe amongst staff that placement is not very properly done to some extent in the Central Bank of Nigeria.

4.4.8 How timely are promotions, upgrades, transfers etc.

Response	Frequency	Percentage
A	105	15.2%
B	122	17.6%
C	385	55.6%
D	80	11.6%
Total	692	100%

Workers don't seems to be satisfied with the Bank's policy on promotions, upgrades and transfers.

4.4.9 How best are employees utilized

Response	Frequency	Percentage
A	163	23.6%
B	204	29.5%
C	325	46.9%
Total	692	100%

Many staff feel they could have done better given the opportunity and right working environment.

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4.4.10 Level of commitment

Response	Frequency	Percentage
A	596	86.0%
B	60	8.8%
C	36	5.2%
D	-	-
Total	692	100%

Workers are highly committed to their jobs.

4.4.11 Management workers relationship

Response	Frequency	Percentage
A	404	58.4%
B	208	30.1%
C	80	11.5%
Total	692	100%

Consensus opinion shows a cordial relationship between staff and management.

4.4.12 How practical is Human Resources Management in the Central Bank of Nigeria

Response	Frequency	Percentage
A	112	16.2%
B	234	33.8%
C	346	50.0%
Total	692	100%

Opinion of staff points to the fact that in practice, human resources management is not carried out in accordance with its philosophy.

4.5 Discussion of findings

Based on the responses received from the sampled administered questionnaires, verbal personal interviews with some staff and observations, the aims and objectives of an ideal human resources management are not fully fulfilled in the Central Bank of Nigeria. Although it is substantially agreed that recruitment and selection processes are based on merit, the placement and maximum utilization of the acquired human resource leaves much to be desired.

Secondly, the training programme of the Bank, though adequate, is more often than not untimely and irrelevant to the functions or duties of the employees.

Thirdly, although the staff sees the process and techniques of performance evaluation as a good basis for reward schemes, poor record keeping has made its impact in the reward system quite negligible.

Fourthly, the application of the length of service technique with outright disregard to merit in the Bank's promotion policy, and the rampant cases of postponements and omissions, makes the entire system unreliable.

Finally, the performance of the human resources department itself seems to score very low marks from the staff. This is a clear testimony of the staff lack of confidence in the department.

TEST OF HYPOTHESIS

The fore-going data analysis has the following proofs for the four hypotheses as follows:

H₀: “That inadequate career development plans and programs due to lack of accurate data of employees as a result of poor records keeping leads to gross under utilization of employees capabilities.”

This assertion holds true as seen from analyses 4.4.7 and 4.4.9.

H₁: “That inadequate career development plans and programs due to lack of accurate data of employees as a result of poor records keeping do not lead to gross under utilization of employees capabilities.” This hypothesis does not hold because the Bank can only place an employee well when it has his full and accurate dossier at any point in time. This makes the match of employee to job easier and accurate for optimum productivity and efficiency.

H₀: “Improved productivity is a function of an effective human resources management in Central Bank of Nigeria.” This hypothesis holds true as can be seen from analyses 4.4.3, 4.4.4 and 4.4.8.

H₁: “Improved productivity is not a function of an effective human resources management in the Central Bank of Nigeria.” This hypothesis does not hold true since improved productivity is only possible with a better motivated, job satisfied employees. This can only be achieved through an effective human resources management.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 *Summary*

This project has attempted to diagnose the ailing human resources management problems found in most organizations, especially the financial sector where the Central Bank of Nigeria belongs. The Central Bank of Nigeria has been used as a case study in this regard.

Human resources management which is defined as “the effective procurement development, and utilization of workers by organizations” – W. Beaty and C.E. Schneier, (1977), embraces the process of planning, recruitment and selection, training and development, performance evaluation, promotion, transfers, discipline, motivation, wages and salary administration.

Chapter one dwells on the basic objectives of the study, the motive of the study, the general background of human resources management, the problem being researched into, the scope and limitations of the study, and the justification for carrying out the study.

Chapter two deals with the review of relevant literature in the field of human resources management, providing a theoretical framework. Valuable contributions of various authors in this field were reviewed to form a sound theoretical background. All relevant available quotations by these authors were reviewed, quoted and acknowledged.

Chapter three gives a good account of my case study – the Central Bank of Nigeria, its historical background, ownership and organizational structure, and functions. The structure of the Nigerian economy and

development vis-à-vis the functions of the Bank where also highlighted. Finally, the human resources management position in the Bank was also reviewed.

Chapter four is devoted to the methodology for data collection, mode of presentation and analysis. It analyses the various bases for data collection and the justification for each method. Data collected is critically analyzed to form the basis for testing the hypothesis.

Chapter five gives a summary of the salient critical areas of human resources management which are the focus of this study and makes recommendations and conclusions on the applicability of each method and strategy selected and adopted for any effective human resources management exercise.

5.2 Conclusion

For an organization to be viable, adaptive, and dynamic, it must constantly discover, recruit, develop, maintain and prudently employ human resources. Human resources management organizes people into effective groups to ensure that organizational responsibilities are discharged. It does so efficiently by relating input to output. It is best expressed as a set of activities or processes performed by an organization, such as recruiting, training, developing and compensating employees.

Human resources management is the process that ensures a continuous flow of qualified people into an organization. Maintaining a flow of qualified people provides the starting point for building effectiveness in an organization. Effective human resources management results in

reduced training costs and time, reduced turnover, increased productivity and improved staff morale in the organization.

We must note therefore, that just as you can trace back all organization's difficulty to people's decisions, so also you can trace all the great successes of people who created the opportunities and made things happen. If management have vision and the environment is right, able people will gather and, in any business environment, they will challenge the limits of what is achievable and make their mark at the competitive edge and still believe that there is even more to achieve – this is the objective of human resources management, to select men of vision and put, develop and retain the right man at the right place at the right time, and prepare him for future challenges.

5.3 Recommendations

Based on the findings and conclusions drawn from the study, it is hereby recommended that –

- i. the present human resources management practice of the Bank be improved upon*
- ii. detailed and up-to-date information about individual staff educational and performance profiles that can aid effective manpower planning be maintained*
- iii. adequate information and insights about attrition rates, succession, potential staff movements (transfers and promotions), training etc. which are crucial factors for an accurate prediction of later*

manpower requirements of the Bank should be readily available in the personnel department

- iv. top management should be involved in the human resources management process so as to facilitate access to the corporate long term objectives and strategies which are usually regarded as classified information. The top managers should however, not use their position to prevent the movement of staff in or out of their departments, as that will affect long term human resources management plans*
- v. genuine staff grievances that has to do with their career be given prompt attention, as delays seriously affects their morale and in effect their productivity*
- vi. the length of service or seniority policy of promotion be combined with merit so that high fliers can move at their pace. This will encourage competition which will definitely improve productivity*
- vii. conducive working environment be guaranteed for all staff so as to enlist their best performance*
- viii. remuneration policy should be such that will ensure that people with varying skills are appropriately rewarded, and good salary structure should be taken as a substitute for a good package of incentives*
- ix. and finally, accurate personnel record keeping using the latest technology should be stressed at all levels.*

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