

Human Resource Management and Organizational Effectiveness in Changing Times

John Nkeobuna Nnah Ugoani^{1*}, Ngozi Favour Richard² 

¹Department of Management Sciences, School of Postgraduate Studies, Rhema University Nigeria, Aba.

²Department of Management Sciences, Abia State Univeristy, Uturu.

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Abstract: Human resource management provides the creative ingredients for organizational effectiveness because people design and produce the goods and services and allocate financial resources. People in organizations set the overall strategies and objectives for organizations without which they cannot achieve their objectives. The importance of human resource management and people in organizations is a fundamental result of the Hawthorne studies in terms of motivation and respect for labour in the workplace. This can be emphasized because effectiveness is often inter-woven with job satisfaction which is a positive emotional reaction to a person's job experiences. This also develops into organizational commitment that reflects a strong belief in an organization's goals and values, a willingness to exert considerable effort on behalf of the organization. The era of accountability for human resource management has arisen from concerns about effectiveness and productivity in organizations. This is imperative because the human being plays a major role in ensuring that an organization will survive and prosper through measures of efficiency and effectiveness. These measures of efficiency and effectiveness revolves around equity and perceptions of justice in the tradition of humane bureaucracy to boost motivation and organizational effectiveness. The qualitative exploratory research design was adopted for this study and the result showed significant positive relationship between human resource management and organizational effectiveness. The study was never exhaustive, further study should therefore, examine the relationship between human resource management and profitability in Nigeria organizations. This study recommends that human beings in any organization should be treated with equity and respect for optimal performance and organizational effectiveness.

JEL: M10, M12.

Keywords: Equity, Perception of Justice, Humane bureaucracy, Era of accountability for human resource management, Productivity, Efficiency, Competitive economic environment.

1. INTRODUCTION

Human resource management has its history in England where crafts people organized themselves into groups. They used this unity to improve their work conditions. These groups became the fore runners of the present day trade unions. Human resource management role increased in importance at the arrival of the Industrial Revolution in the latter part of the 18th century, and which brought about challenging work conditions and the need for efficiency and effectiveness. Although the idea of scientific management was an effort to deal with inefficiencies in labour and management primarily through work methods it did not clearly explore the importance of motivation toward increasing the ability of workers to perform efficiently and effectively (Katzell, and Thompson, 1990). Human resource management which grew out of personnel management became much more prominent after the result of the Hawthorne studies between 1924 – 1933 at the Western Electric in Chicago, led by George Elton Mayo, and his colleague. Among other things, the studies pointed out the importance of the social interaction and work group on output and

satisfaction, as well as the need for trust and motivation in the workplace (Hosmer, 1995). Human resource management involves a series of integrated decisions that form the employment relationship; their quality directly contributes to the ability of the organization and the employees to achieve their objectives. These integrated activities recognize an effective organization as the one characterized by profitability, return on investment, market share, growth, adaptability and innovation, and also the ultimate objective of survival. Milkovich and Boudreau (1997) opine that an organization is effective if it offers consumers the services and products desired in a timely manner at reasonable price and quality and that effectiveness stems from both efficiency and equity. Efficiency involves a situation where product and services are created by combining resources and offering added value to customers. This also suggests thinking of all the organization's resources, raw materials, technology, capital, and human resources, as inputs and the products and services that result as outputs. In other words, organizations seek to maximize outputs while minimizing inputs. Ultimately, human resource management decisions help organizations to manage its employees and other

*Corresponding Author

John Nkeobuna Nnah Ugoani*

Email: Johnngoani@rhemauniversity.edu.ng

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resources efficiently. And because those employees make the decisions on managing all the other resources, human resource management efficiency is an important determinant of organizational effectiveness. At the most general level, the concept of efficiency addresses the questions of both *doing things right* and *doing the right thing*. These questions border on equity which is considered critical in organizational efficiency and effectiveness. For example, efficiency can be increased by redesigning a form to make it easier to understand or by using other methods of work. Efficiency can also be increased by eliminating the need for a particular method in the first place. The position of equity in both efficiency and effectiveness is critical because it is the perceived fairness of both the procedures used to make human resource management decisions and the actual decisions. For instance, an effective organization may consider whether the amount paid to various employees is fair in comparison to what the employee does and fair in comparison to what other employees are paid. Therefore, an effective organization treats its employees fairly and with respect. It strives to create conditions for all employees to contribute and to achieve success, thereby recognizing equity as an important element of effectiveness. Effectiveness is often interwoven with job satisfaction which is a pleasurable or positive emotional reaction to a person's job experiences. This also develops into organizational commitment that reflects a strong belief in the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to remain a member of the organization. Human resource management processes including performance management are direct efforts at improving its effectiveness and productivity. For example, the productivity role for human resource management focuses on work structures which is crucial for efficient performance and productivity. In this context, productivity is often a common measure of how an industry or organization is using its resources, or factors of production. To this extent, it is noted that the human resource controls all other factors of production towards improved productivity. It can now be suggested that human resource management is the *powerhouse* for organization – based operating capabilities, involving the ability to master new technologies through training and development, designing and introducing new products, hiring competent people and motivating them so as to move significantly faster than competitors in the marketplace. Human resource management effectiveness is thus an essential ingredient for productivity because acquiring and sustaining critical capabilities are among the most powerful tools in the operating arsenal of any modern organization (Patterson, et al, 1998, Nolan and Woods, 2003, Crosby, 1997, Kraur, and Korman, 1999).

1.1 Research Problem

Most organizations, especially in the developing world do not explore the relevance of human resource management effectiveness as a prerequisite for productivity. After the Industrial Revolution, how to increase productivity was a major concern that influenced the need for the Hawthorne studies in Chicago between 1924 and 1933. There was the important need for motivating workers and treating labour as an important component of production. There were concerns for equity and social justice in the workplace, despite the concern for efficiency and effectiveness. The missing link between human resource management effectiveness and productivity has always been equity, or perceived justice. Equity in the workplace promotes job satisfaction and organizational commitment as measures of effectiveness that provide necessary

reinforcement for productivity. For example, perceived justice encourages employee belief that the procedure, outcomes and interactions at the workplace are fair and just. This is in agreement with the concept of *humane bureaucracy* which is about the fostering of social relationships in the workplace and boosting employee morale as measures to raise productivity levels. Equity is very important in human resource management effectiveness and productivity because the employee will bring effort and creativity to work, and in return expect a pay that is commensurate to contribution and market worth. This reflects the need for good employee relations that promote developmental opportunities which an employee requires to build a rewarding career. These are among the factors that increase human resource management effectiveness and productivity (Guest, 2000, Huselid, 1995). Productivity is an important component of organizational effectiveness frequently characterized by exploring the strategic value of human resource management. These variables are interconnected because organizational and human resource plans, activities and strategies are inextricably linked (Hardre, 2013, Koch and McGrath, 2006, Lee, and Bruvold, 2013, Ugoani, 2019^a, 2019^b, 2019^c).

1.2 Research Objective

This study was designed to examine the relationship between human resource management and organizational effectiveness.

1.3 Research Significance

The result of this study will significantly help scholars and the general public in understanding the relationship between human resource management and organizational effectiveness.

1.4 Research Hypothesis

This study hypothesizes that human resource management has significant positive correlation with organizational effectiveness.

1.5 Conceptual Framework

A conceptual framework represents a structure of the study and showing the relationship among the major variables and the research problem. It is usually stated in a diagrammatic form and leads to theory building. The major variables of this study include human resource management and organizational effectiveness as shown in table 1.

2. LITERATURE REVIEW

Human resources management involves the effective and efficient procurement and utilization of the human resource for the realization of organizational goals. Its major functions include organizing the work structure, staffing, employee relations, training and development, and compensation. It is the process of accomplishing organizational objectives and organizational effectiveness. Achieving organizational effectiveness requires putting human energy to productive use which is the focus of human resource management. To a large extent, human resource management and organizational effectiveness are very closely interlocked. Human resource management is a distinctive management approach for carrying out people oriented organizational activities necessary for organizational effectiveness and productivity. For example, the staffing function involves designing the organizations structures, identifying under what type of contract different groups of employees will work, before recruiting, selecting and developing the people required to fill the

roles: the right people, with the right skills to provide their services when needed. Achieving organizational effectiveness requires that human resource management recognizes the need to compete effectively in the employment market by recruiting and retaining the best, affordable workforce that is available. This involves developing employment programmes that are sufficiently attractive to maintain the required employee skills level and, where necessary, disposing of those seen no longer to have a role to play in the organization. According to Torrington, et al (2005) the achievement of performance objectives also requires human resource management (HRM) to assist performance by raising levels of commitment and to engage employees in developing new ideas. Developing new ideas drives innovation, goal commitment and organizational commitment, adaptability, effectiveness and productivity of any organization. In view of the critical role of the human element in organizational performance or effectiveness, it becomes necessary that the human resource management function is carried out equitably and effectively with the aims of enhancing employee motivation and ultimate productivity in changing times. Globalization and the increased intensity of competition make HRM the most important or second in importance in most organizations to the finance function. With the general development in business enterprise and the emergence of a more complicated, more demanding and more exertive workforce. HRM functions are no longer limited to its traditional role of staff or personnel administration, but also now include the more important roles of advising management and coordinating all the human resource requirements of an organization. Thus, HRM, now encompasses all the activities designed to provide for and coordinate the human resources requirements of an organization. (Byars, and Rve, 2008, Shih, et al, 2016, Swanson, 2015, Torraco, and Swanson, 2015, Greer, 2015).

2.1 HRM in Changing Times

The increased strategic importance of HRM means that accountability must be taken seriously. The era of accountability for HRM has resulted from concerns about productivity and redesigning organizations and the important need to effectively manage an increasingly diverse workforce, effectively using organizational resources to compete in an increasingly complex and competitive world. According to Ivancevich (2001) HRM activities play a major role in ensuring that an organization will survive and prosper. He postulates that organizational effectiveness can be measured in terms of performance or employee satisfaction, among others. In order for an enterprise to survive and prosper and earn a profit, reasonable goals in each of these components must be achieved. Consequently, in most organizations, effectiveness is often measured by the balance of such complementary characteristics as reaching goals, employing the skills and abilities of employees efficiently, and ensuring the influx and retention of well-trained and motivated employees. In the present competitive world, three crucial elements are required for organizations to be effective. These are; mission and strategy, organizational structure, and HRM. The importance of HRM in organizational effectiveness cannot be overemphasized because people do the work and create the ideas that allow the organization to survive. Even the most capital intensive, best-structured organizations need competent people to manage them. People limit or enhance the strengths and

weaknesses of an organization or its effectiveness. Many changes in the operating environment are often related to changes in human resources, such as shifts in the composition, education, and attitudes of employees. At the organizational leadership level, HRM function should provide for or respond to such changes to improve effectiveness. Also, these changes combined with the realization that the performance of an organization's human assets must be managed, led, and coached have resulted in the need for more strategic efforts and modern leadership practices for enhanced productivity (Wright, and Nishii, 2014, Newstrom and Davies, 2020, Ugoani, 2020, Cascio, 2003, Fleischer, 2022).

2.2 Productivity

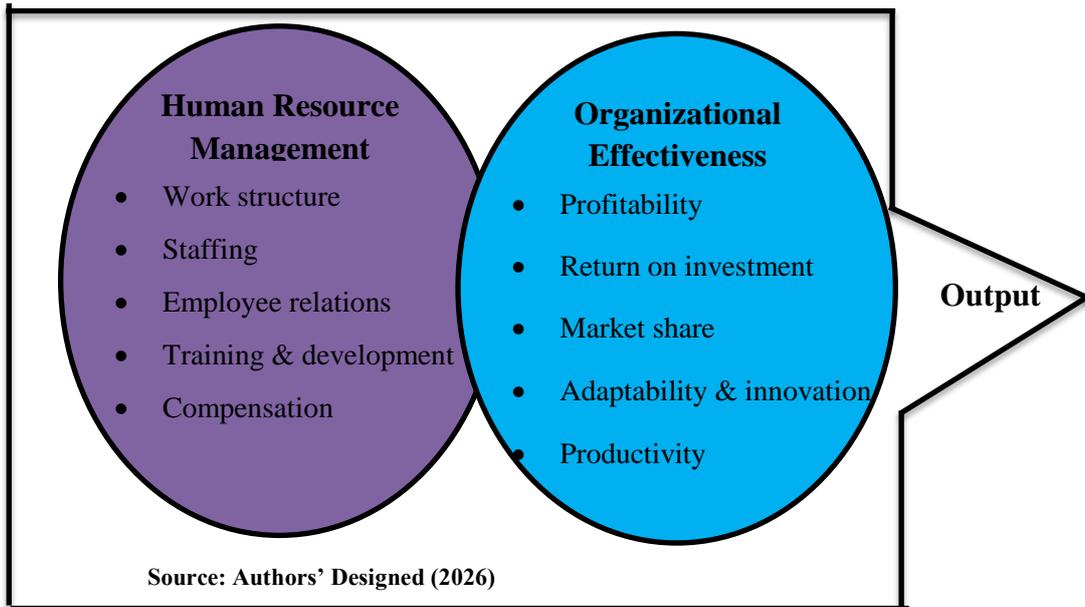
HRM is responsible for training and development of competent people for enhanced organizational productivity. Training and development go to increase to efficiency of the employee with the resultant increase in corporate productivity. Productivity is a major goal in today's competitive economic environment and training and development function of HRM can be a spring board for promoting organizational effectiveness and productivity. This is true because the human resource is the individual possessing defined skills, knowledge, and desired work attitudes required for the attainment of organizational objectives. Improving skills is now necessary more than ever before, because of increasing changes in information and communication technologies that are related towards improving productivity. Two aspects of economic conditions that affect HRM functions are productivity and work structure of the organization. Organizational leadership, managers, and workers are frequently concerned about productivity because they feel that it is a representative indicator of the overall efficiency and effectiveness of the organization. Productivity is defined as output of goods and services per unit of inputs of resources used in a production process. Inputs, as applied in the measurement of productivity, are expressions of the physical amount of several elements used in producing a good or a service, including labour, capital, materials, and energy. Productivity is a worthy goal of any organization and it is also fundamental in sustainable competitiveness. Competitiveness is defined as the degree to which an organization can, under free and fair market conditions produce goods and services that meet the demands of customers, while simultaneously expanding the real incomes of people. Organizational competitiveness is important in HRM and productivity because it affects how employees produce goods and services, as well as the quality of the services provided. HRM can provide organizations with competitive advantage. A competitive advantage is defined as having a superior marketplace position relative to competitors. In the circumstance, therefore, sustainable competitive advantage requires an organization to deal effectively with employees, customers, suppliers, and all competitors (William, et al, 1991, Deloitte, 2023, HBR, 2021, Dessler, 2020, Rothwell, 2008, Ugoani, 2016, 2017, 2018).

3. RESEARCH METHODOLOGY

The qualitative exploratory research design was adopted for this study. This type of study aims to explain the relationship between two or more variables. The sample is often small and analysis may be either quantitative or qualitative (Creswell, 2009).

4. PRESENTATION OF RESULT

Table 1: HRM and Organizational Effectiveness Output Model



4.1 Discussion

The model in table 1 emphasizes that HRM and organizational effectiveness are interconnected. For example, work structure is foundational for profitability and productivity that are major variables of organizational effectiveness. An organization is said to be effective when it is able to bring out the output that meets the demands of society in terms of adaptability, innovation and equity. Human resource is a basic ingredient that build change through training and development. This is critical because people need skill, knowledge, education, positive attitudes and values to contribute meaningfully to an ever changing complex world. Highly committed and competent manpower, high quality products and services are not just a result information and communication technologies, but the output of human efforts, and this is a component of organizational effectiveness. For example, the human resource of a nation comprises men and women, young and old, who engage in the production of goods and services for the effectiveness or sustainability of the nation. A well developed workforce is the engine of productivity or performance. Organizational performance is a major feature of effective organizations and which may include, growth, adaptability and innovation, change and organizational effectiveness. The qualitative exploratory research design was adapted for this study and the result showed significant positive relationship between HRM and organizational effectiveness.

4.2 Recommendations

- i. The human resource in any organization should be treated with equity and respect for optimal performance and organizational effectiveness.
- ii. Work structure or design should be carefully done to fit the right people to the right job to promote performance and effectiveness.
- iii. Training and development of employees must be seen as an important ingredient to enhance adaptability and innovation in modern organizations.

- iv. Employee relations function of HRM must be given prominence by organizational leadership to increase moral of employees and to increase organizational goodwill.
- v. There is need for commensurate input in terms of total package or compensation to meet the dreams of high-profitability or output.

4.3 Scope of Further Study

Further study should examine the relationship between work structure and market share to provide insight into the increasing levels of low profitability in many corporations in Nigeria.

5. CONCLUSION

Human resource management involves a series of integrated decisions that form the employment relationship, their quality directly contributes to the organization and the employees to achieve their objectives. These integrated activities recognize an effective organization as the one characterized by profitability, return on investment, market share, growth, adaptability and innovation and also the ultimate objective of survival. The missing link between HRM effectiveness and productivity has always been equity or perceived justice. Equity in the workplace promotes job satisfaction and organizational commitment as measures of effectiveness that provide necessary reinforcement for productivity. For example, perceived justice encourages employee beliefs that the procedure, outcomes, and interactions at the workplace are fair and just. This is in agreement with the concept of *humane bureaucracy* which is about the fostering of social relationship in the workplace and employee morale as measures to raise effectiveness and productivity levels in the organization. Equity is very important in HRM and organizational effectiveness because the employee will bring effort and creativity to work, and in return expect a pay or respect that is commensurate to contribution and market worth. The need for equity in HRM and organizational effectiveness cannot be overemphasized because the human resource as the principal component of an organization's

productive capacity represents the totality of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. The qualitative exploratory research design was used in this study and the result showed significant positive relationship between HRM and organizational effectiveness.

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Originality

Human resource management and organizational effectiveness are highly interrelated as a measure of productivity. Effectiveness requires equity in human resource management because the human resource is a principal component of a dynamic nature required for organizational effectiveness. Despite these relationships this is the newest report in Nigeria to explore their usefulness.

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Authors Contribution

Professor John Nkeobuna Nnah Ugoani, and Favour Ngozi Richard are responsible for the collection of data, and analysis thereto in respect of this study. They are solely responsible for any errors or omissions arising from this report.

Conflict of Interests

The authors declare no conflict of interests whatsoever as regards the authorship and publication of this paper.

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Biography



John Nkeobuna Nnah Ugoani is Professor of Management and Dean School of Postgraduate Studies at Rhema University, Nigeria. His research interest focuses on business, management, governance, leadership, entrepreneurship, sustainability, and emotional intelligence. John is recognized for presenting the first best PhD Thesis in Management at the Faculty of Business Administration, Imo State University, Owerri, Nigeria. He has over 200 scholarly publications with over 200,000 full paper readership downloads, and ranked among Top Ten Authors by SSRN/Elsevier. Before entering academia, he was a Senior Manager at First Bank of Nigeria Plc.



Favour Ngozi Richard holds Postgraduate Diploma in Management and Masters of Business Administration Degree from Imo State University, Owerri, Nigeria. At present, she is a Masters of Science Degree in Management student at Abia State University, Uturu, Nigeria. She has over 15 years work experience in Office Technology Management in the Financial Services sector and the University system.