



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: BHM755

COURSE TITLE: HUMAN RESOURCE PLANNING



BHM 755
HUMAN RESOURCE PLANNING

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Introduction

BHM 755: Human Resource Planning is a semester course work of two credit units. It will be available to all students, taking the B.Sc Programme in the School of Business and Human Resource Management.

This course of 16 units involves Human Resource Planning as an aspect of Corporate Planning. It is necessary both at the micro/organisational and macro/national levels for obvious reasons to circumvent such problems as poverty, unemployment, underdevelopment, redundancy, etc., in the society.

The course guide tells you what the course BHM 669 is all about, the materials you will be using and how to make the best use of the materials to ensure success. Other information that contained in the course includes how to make use of your time and the information on the tutor marked assignments. There will be tutorial classes. Full details concerning the tutorial classes will be conveyed to you at the appropriate time.

What You will Learn in this Course

The course contents consist of the objective, benefit and problem of Human Resource Planning, Cost-benefit Contribution Analysis 2HRP. It also includes the importance of forecasting demand and supply of Human Resource and the action plan for recruitment, development retention review mechanism and organising the labour force to match Human Resource needs in organisations.

Course Aims

The aim of this course is to further expose you to the nature of Human Resource Planning, its benefits and challenges.

The course will help you to appreciate Human Resource Planning as an aspect of Corporate Planning. It is important both at micro/organisational level and macro/national levels for obvious reasons, to circumvent such problems as poverty, unemployment, underemployment and redundancy, etc, in the society.

You will learn how to project and forecast Human Resource requirement in organisations and the necessary strategy to handle such problems.

The aim will be achieved by

- Explaining the concept of Human Resource Planning
- Identifying its objective, benefits and challenges
- Evaluating methods of forecasting future demand and supply of Human Resources in the organisation
- Presenting the analysis of organisational planning.
- Describing modification of organisational plan, retention plan, control and review mechanism
- Evaluating the impact of education on manpower development to meet the challenges of employment in organisations
- Highlighting national economic objectives.

Course Objectives

By the end of this course, you should be able to:

1. Anticipate the needed manpower to back up corporate plans of the organisation regarding expansion, diversification, technological change etc.
2. Analyse uncertainties and changes to the maximum extent possible regarding requirements of availability of and internal movement of Human Resources.
3. Discuss planning for the advancement and development of employees, satisfaction of the needs of the employees, etc.
4. Explain cost of salary benefits and all the cost of human resources facilitating the formulation of budgets in an organisation.
5. Discuss the need of redundancy and plan to check it or to provide for alternative employment in consultation with trade unions, other organisations and government through remodeling organisational, industrial and economic plans.

Course Materials

- The Course Guide
- Study Units
- Textbooks
- The Assignment File

Study Units

There are 16 units of this course which you should study carefully:

Module 1

- Unit 1 The Concept of Human Resource Planning
- Unit 2 Objectives, Benefits and Problems of Human Resource Planning
- Unit 3 Human Resource Forecasting: An Assessment and Technique
- Unit 4 Recruitment and Selection
- Unit 5 Action Plan for Recruitment

Module 2

- Unit 1 Action Plan for Redeployment, Redundancy and Retirement
- Unit 2 Modifying Organisational Plan: Retention Plan, Control and Review Mechanism
- Unit 3 Training and Development
- Unit 4 Cost Contribution Analysis in Human Resource Planning
- Unit 5 Analysis of Organisational Plan

Module 3

- Unit 1 Employment Trends
- Unit 2 Evolution and Structure of the Labour Force
- Unit 3 Industrial and Occupational Distribution of Manpower and Demographic Changes
- Unit 4 Mobility of Labour
- Unit 5 Economy of Education
- Unit 6 National Economic Objectives

The first three units are tailored to deal and explain the concept of Human Resource Planning, its objectives, benefits and challenges and also enable you forecast to meet some of these challenges.

The fourth to eighth units provide details on how to meet the human resources requirements put in place to make sure that adequate manpower supply is readily available to the organisation.

The ninth to sixteenth units take a critical look at Human Resource Planning at the macro/national level, how to evaluate these problems including employment, unemployment, redundancy and the overall trend and solutions that could tackle these problems.

Each unit will take at least two hours to study and it includes the introduction, objectives, main content, exercises, conclusion, summary and references. Others are tutor marked questions.

You are expected to study the materials and do all exercises. Some of the exercises will necessitate your visiting some organisations, corporate or established enterprises. You are advised to do so in order to observe and appreciate the Human Resource Planning policies of different organisations.

There are also textbooks, under references and further readings. They will provide you with additional information. Practice the tutor- marked questions for additional practice and greater understanding. By so doing you will achieve the stated learning objectives.

The Assignment File

There will be an assignment in each unit. The exercises are tailored to help you have a full understanding of the course. Practice these assignments carefully, it will help you assess the course critically, consequently increasing your knowledge of the course.

Tutor-Marked Assignment

In doing the tutor- marked assignments, you should apply what you have learnt in the content of the study units.

These assignments which are four in number are expected to be turned in to your tutor for grading. They constitute 30% of the total score.

Final Examination and Grading

At the end of the course, you will write an examination. It will attract the remaining 70%. This makes the total final score to be 100%.

Summary

BHM 755: Human Resource Planning further shows you the challenges, objectives and benefits of Human Resource Planning. Above all it shows you how to make projections on Human Resources requirements and action plans, to take care of these challenges at both micro and macro levels.

At the successful completion of this course, you would have learnt how to make proper forecasting and projection and will gain effectiveness in managing manpower/human resources in an organisation.

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MODULE 1

- Unit 1 The Concept of Human Resource Planning
- Unit 2 Objective, Benefits and Problems of Human Resource Planning
- Unit 3 Human Resource Forecasting: An Assessment and Technique
- Unit 4 Action Plan for Recruitment
- Unit 5 Action Plan for Recruitment II

UNIT 1 THE CONCEPT OF HUMAN RESOURCES PLANNING**CONTENTS**

- Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Realm of Human Resource Planning
 - 3.2 Definition of Human Resource Planning
 - 3.3 Focus of Human Resource Planning
 - 3.4 Process of Human Resource Planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

• INTRODUCTION

You are welcome to this particular unit on human resource planning. In this unit, we are going to examine the concept of planning as it applies to Human Resources, we will look at the definition from various authors, and also the focus of human resource planning.

This course will be much more interesting to you if you understand this unit. So give this unit all the attention it deserves.

• OBJECTIVES

At the end of this unit, you will be able to do the following:

- explain the concept of human resource planning
- define human resource planning
- identify the focus of human resource planning
- analyse the process of human resource planning.

3.0 MAIN CONTENT

3.1 The Realm of Human Resource Planning

Effective and efficient managing of staff requires a broad process called known as human resource planning. It constitutes one of the major strategies to enhance and improve work performance, this it does by removing deficiencies and preventing deficiencies from occurring.

Human resource planning helps the organisation to tap efficiently talents which will help to integrate both the individual and organisational goal. This will consequently minimise some of the problems associated with low productivity, absenteeism and labour turn- over.

These reasons have made human resource planning to become a major arrangement preoccupation in organisations.

The process of human resource planning includes analysis of level of skill in the organisation (skill inventory), analysis of current and expected vacancies due to retirement, discharges, transfers, promotions; sick leaves, leaves of absence or other reasons and analysis of current and expected expansions.

This also indicates that plans have to be made internally by the Human Resources Department for training and development of present employees, for advertising job opening, recruiting and hiring new people.

A good human resource planning must respond appropriately to the rapid changes in the society and must go beyond forecasting to all aspects of Personnel Management.

3.2 Definition of Human Resource Planning

Human resources planning is defined as the process of assessing an organisation's human resources needs in the light of organisational goals and changing conditions and making plans to ensure that a competent, stable workforce is employed. The actual planning process will vary a great deal from organisation to organisation.

However, James Walker pointed out that for some companies, human resources planning is essentially management succession and development planning.

For others it is the staffing process which includes forecasting and planning for recruitment, deployment, development and attrition of talent in relation to the changing needs of the organisation.

Increasingly, however, it is a broader process addressing multiple levels for increasing organisation effectiveness on the management of Human Resources.

According to Walker, effective human resources planning is a process of analysing an organisation's human resources needs under changing conditions and the development of the activities necessary to satisfy those needs.

Walker sees human resources planning as two step processes, planning as they pertain to all aspects of personnel management. This will include, for example, planning with respect to desired organisational climate and development of staff reward and appraisal system appropriate to short range and long range organisational goals. This implies that such functions must be proactive and as well as reactive.

Pattern states that human resource planning is the process by which a firm ensures that it has the right number of people and the right kind of people in the right place at the right time doing things for which they are economically most useful.

Fayana (2002) emphasised that human resource planning deals with the systematic and continuing process of analysing a firm's human resources needs under mutating conditions and developing workforce policies suitable to the long-term effectiveness of the organisation. It is a vital part of corporate planning and budgeting procedure since human resources involve costs and forecasting; both effect and are affected by long-term corporate plans.

SELF ASSESSMENT EXERCISE

1. Explain the concept of human resources planning.
2. Give two definitions of human resources planning.

3.3 Focus of Human Resource Planning

According to Bramham, Torrington and Hall, human resource planning in the process of matching future organisational requirement with the supply of properly qualified, committed and experience staff in the right place at the right time. These staff can be drawn from both the internal and external labour market.

This requires a focus on the following:

- An assessment of future product market trends and requirements.

- A specification of the type and number of staff required to satisfy these product market trends and requirements.
- An estimate of the type and number of staff likely to be employed by the organisation in five years.
- A specification of the number/type of staff to be recruited or made redundant.
- A development plan for restraining and re-focusing existing staff and, if appropriate, for recruiting additional staff from the external analysis.
- A re-examination of broader business strategies in the light of this analysis.

3.4 The Process of Human Resource Planning

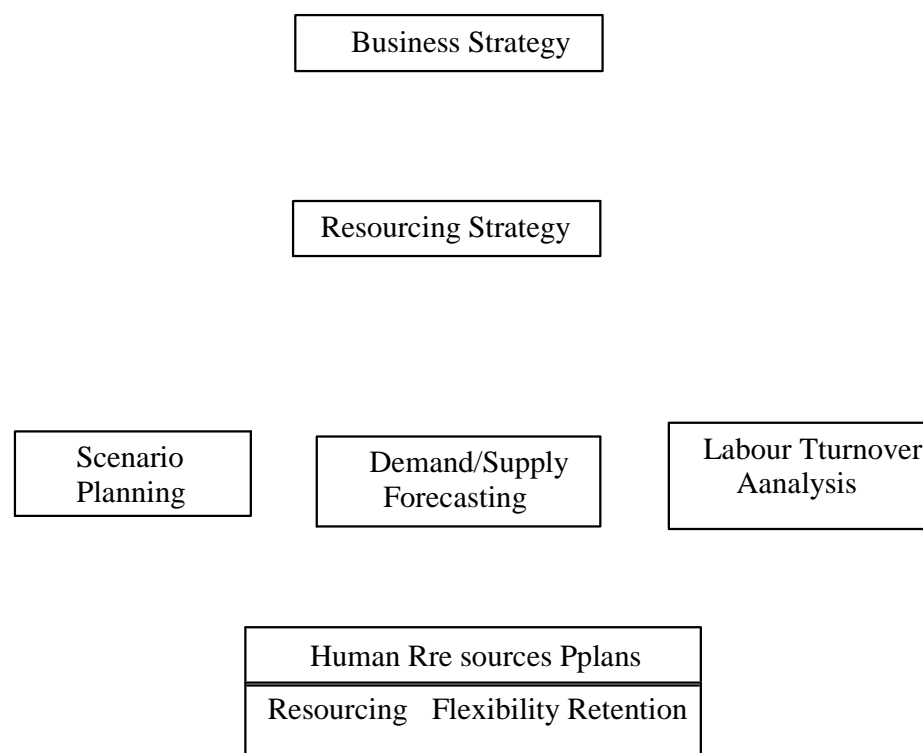


Figure 1.1 The process of human resource planning by Michael Armstrong

4.0 CONCLUSION

In this unit, we discovered the human resources planning is one of the strategies to enhance and improve work performance. This an organisation does by removing deficiencies and preventing them from occurring.

Human resources planning include the analysis of the level of skill, current and expected vacancies and it also provides plans to take care of the vacancies through training, development and recruiting and hiring new people.

The challenging function of human resources demands matching future organisational requirements with the supply of the right kind of staff. This imperatively necessitates that human resource be focused on meeting the requirements of the organisation.

- **SUMMARY**

This unit has shown that human resources planning helps the organisation to tap efficiently talents, which will help to integrate both the individual and organisational goals. Also, we looked at some definitions which include human resources as the process of assessing an organisation's human resources needs in the light of organisational goals and changing conditions and making plans to ensure that a competent, stable workforce is employed.

We X-rayed the need for focus in human resources planning and finally, we considered the process of human resource planning. In the next study unit, we shall discuss the objectives of human resources planning.

6.0 TUTOR-MARKED ASSIGNMENT

1. Critically analyse James Walker's definition of human resource planning.
2. Draw the diagram depicting the flow of human resources planning.

7.0 REFERENCES/FURTHER READINGS

Emeka Iheanacho. Corporate Human Resources Management. Lagos: Manid David.

Obisi Chris (1996). Personnel Management. Ibadan: KIS Printing Press.

Wendell L. French (1974). The Personnel Management. Boston: Houghton Mifflin Company.

UNIT 2 OBJECTIVES OF HUMAN RESOURCE PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Objectives of Human Resource Planning
 - 3.2 Benefits of Human Resource Planning
 - 3.3 Challenges and Problems of Human Resource Planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the last unit, we introduced the concept of human resource planning; we looked at the various definitions and its focus. In this unit, we are moving further to examine the objectives of human resource planning. Every organisation has objectives, the essence of human resource planning is to ensure the mobilisation of organisational human capital toward the attainment of these objectives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discover the objectives of human resource planning
- identify the benefits of human resource planning
- appreciate the challenges and problems of human resource planning.

3.0 MAIN CONTENT

3.1 Objectives of Human Resources Planning

Human resource planning and personnel planning constitute a major objective of an organisation. It fosters the organisation's effectiveness in the use of human talents effectively in the interest of the individual employee and the organisation. Consequently huge costs associated with excessive labour turnover, low productivity, inefficient labour market and unproductive training schemes are reduced to the barest minimum.

The specific objectives of human resource planning are as given below:

1. Cost Reduction:
 - Human resource planning anticipates shortage/surplus and corrects imbalance between supply/demand, corporate need and existing workforce.
2. Human resource planning is a major tool for evaluation of policies. It helps to point out defect between alternatives.
3. It promotes better/greater awareness of the importance of human resource planning.
4. Human resource planning is targeted at bringing into focus competencies, talents, and skill gaps of employees in undertaking future roles and tasks assigned to them.
5. Human resource planning prepares people for performing various roles, jobs and tasks assigned to them. This ensures optimum use of human resource presently employed.
6. Fundamentally, human resource planning enables and enhances organisational planning and development.

Armstrong (1995) outlines the aims of human resource planning in the organisation as follows:

1. The organisation obtains and retains the number of people it needs with skills, expertise and competencies.
2. The organisation makes the best use of its human resources.
3. The organisation can develop a well-trained and flexible workforce, thus contributing to the organisation's ability to an uncertain and changing environment.
4. The organisation is able to anticipate the problem of potential surpluses or deficits of people.
5. The organisation reduces its dependence on external recruitment when key skills are in short supply – this means formulating retention, as well as employee development strategies.

3.2 Benefits of Human Resource Planning

1. Human resource planning is indispensable. Its importance cannot be underestimated especially during turbulent times, to ensure that employers have the right quality of staff and required number available at the right time.

Effective long-term human resource planning can help to reduce difficulties associated with this problem. Also the quest to

maximise profit and minimise labour cost calls for continuous human resource planning.

2. It encourages employers to develop clear and explicit links between their business and human resource plans and so integrate the two more effectively.

It helps human resource plan to deliver exactly what is required by the business as a whole. It is essentially necessary and it contributes extensively in the development of corporate plan and at least demonstrating that longer-term business goals may not be appropriate if not in consonance with the expected supply of suitably qualified staff.

3. It establishes control over staff costs and the number employed. The employer can make a forecast and projection of the number of employees that will be sufficient irrespective of decline and growth; in other words they match demand and supply. This will enable them know exactly where to recruit others from- external labour market or internal labour market.
4. It provides the current profile of the staff in terms gender, race, and disability which is necessary for moving towards equal opportunities organisation.

Without the accurate update figure of existing staff subdivided by grade and position, making decisions on how management can achieve their aim is not possible.

5. It will provide organisations with an understanding of their areas of capability which otherwise they could embark on.
6. It helps to determine levels of training, development and management development programmes.

This will enable employers to know the skills and attitude mix in the organisation and map out strategy for personnel development.

3.3 Challenges and Problems of Human Resource Planning

1. **Relationships to Other Organisational Processes: Human** resource planning is not independent in the organisation. To be meaningful, therefore, it has to be based on the job specification function which in turn stems from the design of the jobs. Its function could be hampered by uncooperative attitudes of the other departmental and line managers.

- 2. Attitude: The attitude about the kind of qualification required** will also have impact on human resource planning. Managerial attitude toward responsibility to maintaining a stabilised workforce will constitute a factor in human resource planning.
- 3. Impact of Legislation: There are various government policies,** such as legislation, the act of industrial relation, employment and working conditions in various nations and societies. Legislation - in respect of race, nationality, origin, religion and sex; handicaps also have an important bearing on human resource planning and the entire staffing process. Human resource planners must comply with the limit of the law in exercising their function.
- 4. Authority and Accountability: In large organisations, the** personnel department is usually held accountable for developing adequate resources of applicants. Contact with newspapers, agencies e.t.c. is coordinated by the personnel department.

In some organisations, central coordination of recruitment which lies within the jurisdiction of the personnel department is neglected. In the attempt of other departments to recruit without central coordination, duplication of effort and inefficiencies are bound to occur. Information is not readily available about the employee when needed if the central office does not maintain the files of such information.

4.0 CONCLUSION

This unit has attempted to make us understand that the strategic objective of human resource planning is to foster organisational effectiveness in the use of human talent effectively in the interest of the individual employee and the organisation.

This also involves reduction of excessive labour turnover, low productivity and cost. This makes such function indispensable; its importance cannot be underestimated especially during the turbulent times in order to ensure that employers have the right quality of staff at the right time.

5.0 SUMMARY

In this unit we studied the objectives of human resource planning which include reduction of cost, providing tools for evaluation of policies thus helping to bring into focus competencies, talents, and skill gaps of employees in undertaking future roles and assignment. We also saw the importance of such functions which include helping the employers to develop clear and explicit links between their business and human

resource plans. It also helps employers to establish control over staff costs and the number employed. We also have been able to appreciate the challenges and problems of human resource planning which also include attitude and impact of legislation. With the above stated information, we can appreciate the essence of human resource planning and what it will enable us to accomplish.

In the next study unit, we shall discuss human resource forecasting and assessment technique.

6.0 TUTOR-MARKED ASSIGNMENT

Critically evaluate the challenges and problems of Human Resource planning in the contemporary organisation.

7.0 REFERENCES/FURTHER READINGS

Chris Obi (1996). Personnel Management. Ibadan: KIS Printing Press.

Wendel , French (1974). The Personnel Management Process. Boston:
Houghton Iffen Company

Mick Marchington and Adrian Willinson. Core Personnel and
Development. Wiltshire: The Crown Well Press.

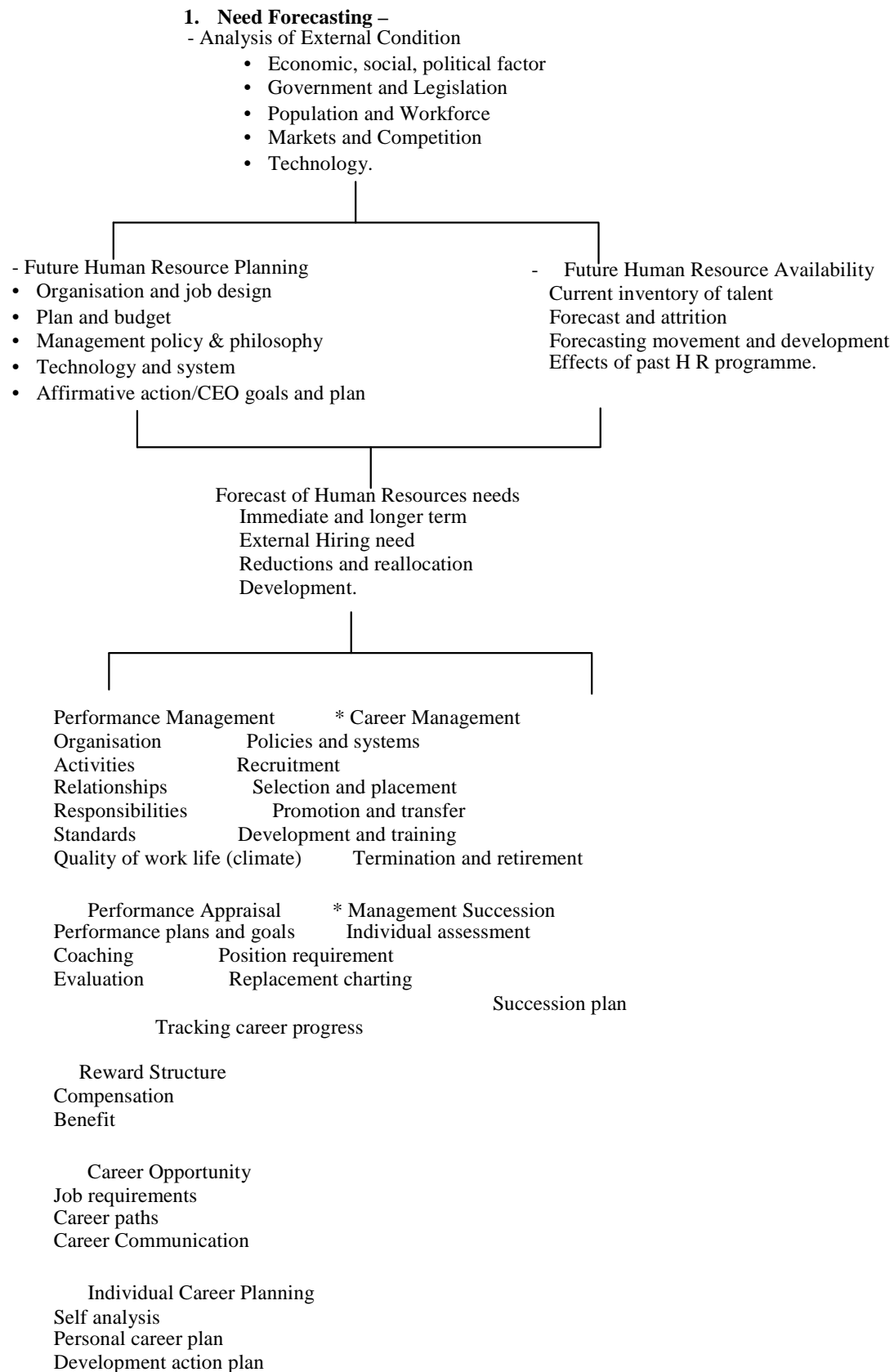


Figure 2.1 Human Resource Planning Process by James Walker (McGraw Hill, Inc 1980)

UNIT 3 HUMAN RESOURCE FORECASTING: AN ASSESSMENT AND TECHNIQUE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Concept of Human Resources Forecasting
 - 3.2 Estimating Future of Human Resources Requirements
 - 3.3 Forecasting Demand and Techniques
 - 3.4 Forecasting Internal Supply Techniques
 - 3.5 Forecasting External Supply
 - 3.6 Factors that Influence Labour Supply at National Level
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Resources

1.0 INTRODUCTION

In the last unit, we considered the objective, focus and challenges of human resources planning.

In this unit, we will be looking at the concept of forecasting. This constitutes an important process which involves the ability to plan and estimate in advance, based on foresight.

You will appreciate the fact that for any organisation to remain relevant the management must be able to make some projections on the human resource utilisation and this will enable them to meet their manpower requirement.

A good human resources planner who fails in this area may advertantly encounter some difficulties. Understanding this concept will enable you to develop proper insight in the management of human capital in your organisation.

2.0 OBJECTIVES

At the end of this unit, you should be able to do the following:

- explain the concept of human resource forecasting
- identify the techniques of forecasting for employee utilisation
- evaluate the method of forecasting future demands on employees

- predict both internal and external supplies of human resources need in your organisation
- assess the technique of human resources forecasting.

3.0 MAIN CONTENT

3.1 The Concept of Human Resources Forecasting

This is the process of deciding an organisation's future needs for human resources.

The forecasting and predicting of needs are derived from information base that includes present and potential skills within the organisation.

Consideration is given in such areas as job design, management philosophy and budget. The need for temporary part-time, other contingent workers and projected staff reductions and transfers throughout the organisation also affect human resource forecasting.

Forecasting could be described as the ability to plan in advance, to estimate or to calculate in advance. This is prediction based on foresight.

Every organisation in order to remain competent and competitive must be able to forecast reasonably at least to an extent on the utilisation of human resource. This is a major avenue of understanding their manpower requirements both for the present and the future.

It might be difficult in making long term predictions, consequently genuine information is inevitable. This will help in proper estimation of man power needs, recruitment, promotion, training, transfer and retirement.

Forecasting manpower supplies and demand are based on estimate and projection.

Estimate is hypothetical in nature, according to Obisi (1996) and it is based on certain information and long experience on the job. Projection involves correct data analysis of facts and figures in the aspect of human resources.

The Process of Forecasting

Human resource utilisation requires an organisation to answer the following questions.

- How many types of employees will be needed during the period?

- What is the number of present employees that will be available in the future to meet the staff needs, taking into cognisance factors like resignation, termination of appointment, retirement, death etc.?
- What number of new employees will be required?
- What is the estimate of surpluses/shortages which are also necessary to forestall any eventualities (without creating any gap)? To be able to know overall human resources challenges, there is need to develop a data based on the state of the supply/demand in the labour market.

3.2 Estimating Future Human Resources Requirements

Scenario planning in some circumstance helps to estimate future people requirements. When it is feasible, attempts could be made to produce demand and supply forecasts and to determine action plans to be taken depending on the outcome of the forecast whether deficit or surplus.

Demand forecasting is the method of estimating the number of people, skill and competence organisation may need in future. Forecast could be one of the elements in annual budget and long term business plans and this is translated into activity level for each function and department or decision on demonising.

In an organisation details are needed of any plan or projection which will be in demand of additional workers with different skills; for example, setting up another branch, creating new departments getting the average requirement plan which may result in rationalisation, down sizing, organising a business process re-engineering exercise etc.

3.3 Forecasting Demand and Techniques

There are techniques in demand forecasting that could be used to estimate future need of employees.

1. Managerial or Expert Judgment

This process of forecasting may be linked to some form of scenario planning. In this case the manager or specialist is required to sit down and think about the future workload, and decide how many people are needed.

2. Ratio-Trend Analysis

This is done by studying part ratios between the number of direct (production) workers and indirect (support) workers in a manufacturing

plant and forecasting future ratios giving allowance for changes in the organisation or methods.

Activity-level forecast is then used to determine the direct labour requirements and the forecast ratio of indirect to direct with ratio trend analysis to calculate the number of indirect workers needed.

3. The Work-Study Technique

This is used when work measurement can be applied to calculate how long operations should take and the number of people required. Work-study technique for direct workers can be combined with ratio trend analysis to calculate the number of indirect workers needed.

Forecasting skill and competence requirements are largely a matter of managerial judgement. This should be based on careful analysis of the impact of projected product-market development and introduction of new technology.

4. The Subjective Method

This is another approach of assessing future staff demand. This takes the form of judgement by the managers about the need that may arise in future and in some cases, it can be an excuse for speculation and even “guesstimates” based on limited amount of data.

The subjective approach could be either top-down or bottom-up or could be the mixture of the two.

Top-down: This approach relies heavily on estimates from senior managers, which constitute a group of people who ought to have a clear idea about the direction in which organisation is moving.

Bottom-up: This approach focuses on the department and workforce managers making estimate about future staff requirement based on experience and judgement (Walker 1963:162).

A good knowledge of the current demand is needed for policy formulation. It might not necessarily reflect future prospects. In addition, first line managers often learn to ask for more than required on the ground that this will be negotiated down by their senior colleagues. Both methods are used together in order to form a more meaningful estimate of likely future demand.

5. The Delphi Technique

This relies heavily on managerial judgement. Different experts take turns in presenting their own forecast. This process continues until a viable composite forecast emerges. (Schuler and Huber 1993).

Torrington and Hall (1995:84) in reference to the Delphi technique indicated that the process is undertaken anonymously until the coverage of the plans. Either way, the technique is designed to bring together different estimates on the grounds that combined judgement will be superior to any individual estimate.

Adrian Wilkson et al pointed out that forecasting the demand for staff is, of course, heavily dependent upon assumptions about the nature of product demand in the future and the implication which this has for the numbers and type of employees who are required.

It is easier to forecast future demands in certain sectors than the others. For example based on past projection, reasonable assumptions can be made about overall levels of demand for health care primary school education or food product for five years and this will allow for meaningful estimates of future labour demands to be made. However, it is much difficult to estimate the number of patients and school children to attend the number of hospitals or schools, given mobility pattern in principle and wide degree of consumer's choice.

6. The Objective Method

This method relies fundamentally on projection of the past trends. To make sure that it is valid and valuable, there is every need to take cognisance of the change in technology and the goal of the organisation.

Simple projection from the past will help to indicate the amount or type of labour required in the future and also can be related from work exercise or ratio of customer to staff. Increase and decrease or replacements are typically made with this figure in mind and comparisons are made with other school. It is good to note also that technological change may bring about major reduction for certain type of labour and increase demand for others and perhaps a lower demand for overall labour.

Examples

Proper execution demands that certain company key indicators are taken into consideration:

- Trend in the industry
- Restructuring of organisation
- Diversification/integration into new areas
- Health trends.

A number of factors have been used for determining human resource plans specifically in terms of number of staff required by or available in the organisation.

Generally, this has been applied to three sets of issues:

- Forecasting of the demand for labour
- Forecasting of the internal supply
- Forecasting of the external supply.

However organisations tend to concentrate on internal supply forecasts because of its major contributions in the field of human resources.

Staff plans are even harder to determine for companies which operate in highly competitive international markets, especially those which are prone to political volatility because of extreme difficulties in predicting future pattern of demand.

Supply forecasting measures the number of people likely to be available both within and outside organisation having allowance for labour wastage, retirement, internal movements and promotion, and changes in hours and other conditions of work (Armstrong 2001).

Armstrong pointed out that the basis of this forecast as presented below:

- a. An analysis of existing human resource in terms of numbers in each occupation, skills and potential.
- b. Forecast losses to existing human resources through attrition (the analysis of labour wastage as described in the next main section of this chapter is an important aspect of human resources planning because it provides the basis for plans on improved retention rates).
- c. Forecast changes to existing resources through internal promotion.
- d. The effect of changing condition of work and absenteeism.
- e. Sources of supply from within the organisation.
- f. Sources of supply from outside the organisation in national and local labour markets.

The demand and supply forecasts can then be analysed to determine whether there are any deficits or surpluses. This provides the bases of

recruitment, retention and unavoidable downsizing plans. Computerised planning model can be used.

The basic forecasting calculations can be carried out with a wide spread sheet which, for each occupation where plans need to be made sets out and calculates the number required in percentage, for example;

1. Number currently employed
2. Annual wastages rate based on past records
3. Expected losses during the year
4. Balance of the end of the year
5. Number required at the end of the year
6. Number to be obtained during the year.

SELF ASSESSMENT EXERCISE 1

1. Define human resource forecasting.
2. Describe the objective and subjective methods of forecasting.

3.4 Forecasting Internal Supply Techniques

If the employer has forecast the likely need for employee, attention will be shifted on how this demand can be satisfied and in particular to establish the balance between recruiting from external labour market and developing staff internally or if necessary seeking workforce reduction.

Techniques for Forecasting Internal Supply

Wastage/Labour Turnover

High level of labour turnover, for example, can indicate problems with a whole range of personnel and development policies and practices which may range from appropriate recruitment method and selection criteria, badly designed payment system and uncompetitive level of pay, inappropriate grievance and disciplinary procedures and practices, inadequate level of training and development and major blockages in communication systems.

There are other factors that could account for these problems as well, including the presence of new competitors for labour in the area and a reduced provision for public transport to the establishment.

Human resources within its power might not eliminate these problems. However, a clear knowledge of the source of labour turnover problem

can at least ensure that managers know where to look for appropriate solutions.

It is also essential to have accurate data on grade movements or the age and gender distribution of the workforce if other personnel and development issues are to be tackled.

There two types of measures used to calculate wastage in labour turnover and stability indices are thus:

$$\text{Wastage rate} = \frac{\text{Leavers in year} \times 100}{\text{Average number of staff in post during year}}$$

$$\text{Stability rate} = \frac{\text{Number of staff with one year's service at date} \times 100}{\text{Number of staff employed exactly one year before}}$$

Stability indices provide a good indicator of the proportion of staff who have been with the organisation for a long period and conversely the extent to which labour turnover is a problem specific to staff with shorter periods of service.

According to Walker (1992:170) there are two fundamental types of models used in internal forecasting: "Supply Push" and "Demand Pull" models.

Supply Push: This approach is derived from mark or models which are drawn from the demographic model of staffing.

1. The first is a model of staff wastage based upon log normal law of distribution which states that staffs leave an organisation according to a clearly definable pattern of length of service (Sisson and Timperley 1994:156) and once this pattern is modelled then staffing and promotion information is available for decision making.
2. The second model is based upon staff profile analysis which assumes that recruitment, promotion, and wastages pattern are stated overtime, so probability that a member of staff in a particular grade will be in some other grades, later in their working life can be determined from recent career histories. If gap becomes apparent, then remedial action can be to seek further recruitment at certain levels or develop internal staff for subsequent promotion.

To have any chance of success, however these models rely upon a large number of employees in an organisation, a relatively stable and predictable career structure and consistent aggregate wastage rates.

The Pull/Renewal Models: These models are based upon movement out of grades and release from the organisation as a whole such that flows of staff are triggered by vacancies or promotions.

At the top of the organisation, the only movement can be through retirement or resignation, so a change here sets in motion a search for replacement external to the organisation or a series of internal movements to fill the vacancies which are created. The situation becomes more complicated as the analysis shifts to lower levels in hierarchy, as it also does when decision may be made not to seek a replacement, or to undergo a more radical reorganisation of the management structure.

According to Walker (1992:174) the demand pull models are not widely used in the USA but are particularly helpful in considering promotion and succession decisions.

SELF ASSESSMENT EXERCISE 2

Explain the techniques for forecasting internal supply.

3.5 Forecasting External Supply

There are some factors which determine the supply of staff from the external labour market, both at local and national levels which are influenced by economic, social and legal issues. Obviously, local labour market and social information are more important for certain grades and types of staff such as manual workers, and educational developments matter more for professionally qualified personnel.

Factors that affect external labour supply locally are:

1. The level of unemployment in the travel-to-work area.
2. Opening and closure of other work places in the area which compete for the same types of labour.
3. Number/qualification of school and college leavers from the local educational system.
4. Housing and transport development.
5. The reputation of the employer compared with that of others in the area measured by such things as wages and working conditions, employment record and general public relations image.

3.6 Factors that Influence Labour Supply at the National Level

1. The level of employment generally and in particular occupations.
2. The number of graduates in general and in specific fields.
3. The legal frameworks governing working hours, equal opportunities, employment protection and employee relation.
4. Government and industry - wide training scheme.

4.0 CONCLUSION

If an organisation must remain competitive and competent in a dynamic business environment, it must be able to make prediction in its human resources planning.

Forecasting future demand of labour is necessary and this will heavily depend on assumptions about the nature of product demand in the future and implications which this has for the number and type of employees who are required.

5.0 SUMMARY

This unit teaches that forecasting is the process of deciding an organisation's future need and this is derived from an information base that includes present and potential skills within the organisation.

To embark on human resource forecasting, we need to answer some fundamental question such as how many types of employees will be needed during the period, the number of present employees that will be available in the future to meet the staff needs taking into cognisance such as factors resignation, termination of appointment, retirement, death etc.

We also discussed the methods of forecasting future demands of labour; these include both objective and subjective methods.

We critically examined forecasting both internal and external supply of labour beside the factors that affect external labour supply. In the next study unit, we shall discuss recruitment and selection.

6.0 TUTOR-MARKED ASSIGNMENT

Discuss factors affecting external labour supply both at local and national levels.

7.0 REFERENCES/FURTHER READINGS

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UNIT 4 RECRUITMENT AND SELECTION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Recruitment and Selection
 - 3.2 Recruitment Planning Process
 - 3.3 Sources of Recruitment
 - 3.4 Process of Recruitment
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the last unit, we critically looked at the concept of human resource forecasting. We discovered that there is every need for organisations to make future projections in order to meet the human resource need in their organisations. In this unit, we will look at the process of meeting manpower requirements, which is through recruitment and selection. This is necessary because the quality of work performed is dependent on the capabilities of the people doing the work.

Quality of work performed is a function of having qualified, dedicated and skillful individuals working in the organisation. The issue of recruitment and selection are key organisation variables to success in the organisation.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- 4.0 define recruitment and selection
- 5.0 evaluate both internal and external recruitment processes
- 6.0 identify the merits and demerits of internal and external sources of recruitment
- 7.0 analyse different recruitment process.

3.0 MAIN CONTENT

3.1 Recruitment and Selection

Acquisition and retention of qualitative employees is one of the major challenges an organisation confronts to enhance capability and capacity of human resource in the organisation.

The staffing process which involves putting the right people in the right positions at the right time also constitutes a critical task for any organisation.

In every organisation, you will discover that the quality of the work performed can only be as high as the capabilities of the people performing it. The two initial stages of staffing and organisation are recruitment and selection.

Recruitment is a process of finding qualified people and encouraging them to apply for work with the firm. Selection is the process of choosing among those who have applied.

Together these two facets of human resource management supply the lifeblood to the organisation. Ideally, the recruitment process should ensure that for every position available in the firm, there is a sufficient number of qualified applicants. These applicants should include members of both sexes and various social groups such as minority and disabled workers.

For large organisations, recruitment is complex and a continuing process that demands extensive planning and effort.

Presented below is an array of definitions of recruitment.

Recruitment is a process used to discover the source of manpower to meet the requirements of staffing schedule and to employ effective measures for attracting manpower in adequate number to facilitate effective selection of an efficient working force (Yorder, Turnbull and Stone 1968).

Filippo (1980) defines recruitment as the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation. It is often termed positive in that it stimulates people to apply for jobs to increase the hiring ratio, that is, the number of applications for job. Selection on the other hand tends to be negative because it rejects a good number of those who apply, leaving only the best to be hired.

Obisi (1996) sees recruitment as a systematic and organised procedure whereby potential employees are obtained for selection and placement in the organisation.

According to Obisi, this definition explains that recruitment, selection and placement go hand in hand. Every organisation begins by recruiting a certain number of employees and the next step that comes is selection whereby some would be eliminated.

After selection, those selected would be placed on the job. It is necessary for organisations to appreciate the fact that recruitment, selection and placement constitute one of the most critical aspects of personnel functions. They also constitute the foundation on which the organisation is built.

SELF ASSESSMENT EXERCISE 1

1. Differentiate between recruitment and selection.
2. Give two definitions of recruitment.

3.2 The Recruitment Planning Process

This is the process of translating the statement of likely job vacancies into a set of objectives or target that specify the type of potential job applicant to be contacted and how the contacts should be made. Many organisations may have formal procedure for this.

The recruitment activity can be focused on the type of job applicants need. For this reason, it is useful to specify as accurately as possible the requirement of the job to be filled.

The following factors should be taken into consideration in recruitment.

- Skill
- Ability
- Knowledge
- Education
- Experience and all that is necessary to attract the right job applicant (e.g. wages and fringe benefits attached to the post).

3.3 Sources of Recruitment

There are two sources of recruitment available to organisations; internal and external sources of recruitment.

Internal Source of Recruitment

This is an aspect of organisational development which enables an organisation to tap from within its established human resources to meet its manpower needs. The opportunities for new employees may be required due to vacancies through lay-offs, transfers, resignations, retirement, retrenchment and termination of employment. These vacancies created within the organisation can be filled internally by employees who are already working in the system.

Advantages of Internal Recruitment

1. It boosts the morale of the employees elevated or promoted.
2. It saves cost. The huge amount of money that should be used in recruitment process from advertisement to selection and interview is saved. Good recruitment is expensive, which internal recruitment reduced to minimal.
3. Internal recruitment is a motivational force to employees. They are encouraged to do more, knowing that their efforts and contributions will be rewarded.
4. Career building: It enables the workers to stay and build a career within the organisation. This compels the employees to be loyal to the organisation with the understanding that they will build their future there.

Disadvantages of Internal Recruitment

1. New ideas are hindered. It does not create room for new ideas since new people outside the organisation are not allowed into the system.
2. Seniority becomes a determinant factor for promotion. The door of the organisation is shut against competent personnel from outside the organisation.

External Source of Recruitment

This involves recruiting competent employees from outside the organisation. It brings about influx of ideas and new blood and innovation in the system. It creates room for fair play and equal chance for every one who meets the criteria for the job to complete.

Advantages of External Recruitment

1. It destroys mediocrity: It injects new blood, new ideas and innovation in the organisation.

2. The new intakes stimulate healthy competition in the organisation.
3. Economy of training and development: The new employees must have acquired certain level of training and development from the organisation they are coming from.

Disadvantages of External Recruitment

1. Problem of adjustment: It takes new employees time to adjust to the new organization, environment and culture.
2. Manipulation: External recruitments are unduly subjected to outside manipulation. It becomes a matter of “who you know” not “what you know”. The prerequisite factors expected from new employees like skill, knowledge, experience and competence are compromised. This undue influence from outside in terms of those who are connected to the organisation’s leadership tend to defeat the whole essence.

SELF ASSESSMENT EXERCISE 2

1. Explain internal source of recruitment
2. Outline two advantages of external recruitment
3. Compare and contrast internal and external recruitment.

Sources of Recruitment

1. Employment agencies
2. Professional and recruitment consultants
3. Higher institutions – universities, polytechnics and colleges etc.
4. Social organisations like unions, associations and clubs
5. Relatives and friends of the organisation -both former and present employees
6. Advertisement.

3.4 The Process of Employment

1. Pre-procurement preparation
2. Recruitment
3. Selection
4. Placement
5. Induction.

Pre-procurement Preparation Processes

1. Identify the number of positions that have been declared and the department that is in need of staff.
2. Clear job description and specification should be stated, that will enable the organisation to know the caliber and skill of the person to fill the vacant position.
3. Identify when and where to look for the personnel required.
4. Get the details of the financial budget of the organisation in order to know the number of employees need and to foot the recruitment process.
5. Obtain permission from the authority in charge before the commencement of the exercise.

Recruitment

This includes all the activities that are needed to attract the right caliber of persons; stimulate their interest and encourage them to apply for the job.

Advertise through the following:

1. The print media, radio and T.V.
2. Universities, polytechnics, colleges, etc.
3. Employment agencies
4. Workers in the organisation
5. Consulting firms.

Selection

The selection process begins with

- Short-listing: By placing the job specification and the main specification side by side we separate the grain from the chaff.

The Interview

An interview is a conversation with a purpose and the purpose may be to get information, to give information and to make a friend (Walter Bringham 1941).

The recruitment interview could be defined as a selection technique which enables the employer to view the total individual and directly appraise him and his behaviour (George Strauses and Sayles, 1977).

Scot, Clothier (1977) defines an interview as a deliberate active listening with a purpose to draw the other person out, to discover what he really wants to say and to give him a chance to express himself freely. Its main purpose is to exchange ideas, which involves face to face exercise where questions on the suitability of the candidates are verified.

The interview offers a chance for the manager's to fill in gaps terms of the information provided by the application forms and tests. It may lead to entirely new types of information as well.

In particular, interviews are used to assess intangible factors such as motivation and enthusiasm that cannot be shown in application form.

Different Types of Interview

1. Structural interview
2. Unorganised interview
3. Group interview
4. Panel interview
5. Stress interview.

Interview Procedure

1. Appraisal
2. Probing
3. Acting and taking action
4. Rating and evaluation.

Conducting Interviews

1. The panelists must be friendly and interact warmly with the candidate.
2. Avoid leading questions – the kind of questions to ask should start with why, what, who and how.
3. Test the attitude and disposition of the applicant.
4. In closing the interview, the chairman should make remarks after which the interviewee should be allowed to ask questions about the organisation.

Tests

Obisi (1996) sees tests as an organisational process whereby the capabilities, ability, strength and weakness, of individuals are examined, compared and analysed.

Wendel French (1974) pointed out the uses of tests as follows:

1. For appraising employees for promotional potential
2. For counseling employees
3. For selection and placement of employees

Testing application offers two advantages – Test results tend to be objective and free from personal bias and they are usually expressed numerically so that they can lend themselves to statistical analysis and this can be validated.

The employment of professionals to interpret and administer tests is fundamentally necessary.

Categories of Tests

The tests used in selection processes generally fall into one of several broad categories:

1. Measure of proficiency, achievement or knowledge
2. Measure of aptitude or potential ability
3. Measure of mental ability or intelligence
4. Measure of personality
5. Measure of interest
6. Measure of physical ability
7. Measure of substance abuse

Characteristics of Tests

Validity – This is the ability of the test to realise its objective.

Reliability – The test must be reliable to avoid wastages in terms of money and time. Its result must be consistent no matter the time and where administered.

Standardisation – This is an indispensable part of the test; it must follow a certain format and procedure and it must be uniform.

Types of Test

1. Achievement test
2. Aptitude and ability test
3. Personality test
4. Interest test

4.0 CONCLUSION

Recruitment as we discovered in a starting process involves putting the right people in the right position at the right time. This is what will make for effectiveness in any organisation.

This process must stimulate qualified people and encourage them to apply for work. Forecasting human resources need is vital as this will help the organisation to determine from which source to recruit to fill the existing vacancies available. The two sources which an organisation could choose from are external which is from outside the organisation and internal which is from within the organisation.

If the recruitment is external (outside the organisation), the process of Advertisement, interview, test, etc, become very critical factor for effective selection of qualified staff.

5.0 SUMMARY

This unit has shown that recruitment and selection are critical factors in the acquisition and retention of qualitative employees.

This also involves the process of translating the statement of likely job vacancies into a set of objectives that specify the type of potential job applicants to be contacted and how the contact should be made.

The unit also examines the sources of recruitment (external and internal recruitment) all which have their merits and demerits.

Finally, we looked at the process of employment which includes pre-procurement preparation, recruitment, selection, placement and induction.

Armed with this information, you should be able to apply these concepts in your organisation if called on to do so. In the next study unit, we shall discuss the action plan for recruitment.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss employment processes
2. Examine the merits of external sources of employment.

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UNIT 5 ACTION PLAN FOR RECRUITMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Action Plan for Recruitment
 - 3.2 The Resourcing Plan
 - 3.2.1 Internal Resourcing
 - 3.2.2 Employer's Choice Plan
 - 3.2.3 Flexibility Plan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the previous unit, the concept of recruitment, the source and method to ensure that good hands come to the organisation were explained.

In this unit, we will take another perspective in recruiting. We will examine the action plan for recruiting to ensure a steady flow of work force at the minimal cost.

The action here is centred mostly on internal resourcing and flexibility of working arrangements. This is because of the inability to make firm predictions of human resources needs in time of rapid changes. Take time to digest this unit, as it will add to your practical knowledge in the field of human resources planning.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- define the action plan for recruitment
- evaluate employees choice plan
- identify flexibility plans for maintaining the flow of quality staff at minimal cost.

- **MAIN CONTENT**

3.1 Action Plan for Recruitment

Action plans are derived from the broad resourcing strategies and the more detailed analysis of demand and supply factors (Armstrong, 2001). Armstrong pointed out that plans, however are often short and flexible because they will not make serious predictions of human resources needs in time of rapid changes.

Plans need to be prepared in the areas of resourcing, flexibility, retention and down sizing.

3.2 The Resourcing Plan

This deals with the best method of getting people from within the organisation, to recruit externally and to attract high quality candidate.

1.1.1 Internal Resourcing

The first step is to analyse the availability of suitable hands from within the organisation by reference to assessments of potential and a skill data base.

The database should contain updated list of employees with skills needed by the organisation.

This provides the basis of decisions and steps taken to promote, redeploy and also provide additional experience and training to eligible staff. Plans could also be made to use the existing employees.

The recruitment plan – Armstrong (2001 pg 357-380) pointed out that a good recruitment plan should incorporate:

1. The number and types of employees required to make up any deficits, and when they are needed.
2. The likely sources of candidates – Schools, colleges of education, universities, advertising, the Internet etc.
3. Plan for tapping alternative sources, e.g. part-timers.
4. How the recruitment programme will be conducted.

1.1.2 The Employer's Choice Plan

This includes the plan for attracting good candidates by ensuring that the organisation will become an "employer of choice". This could be achieved by improving the image of the company and by offering:

1. Better remuneration package
2. More opportunities for development, training and careers
3. Enhanced future employability because of the reputation of the organisation as one that employs and develops high-quality people as well as the learning opportunities it provides
4. Employment conditions which address work-life balance issues such as adopting working hours and arrangements and leave policies and providing child care facilities or vouchers to meet the needs of those with domestic commitments
5. Better facilities and aid scope for knowledge workers, e.g. research and development scientists or engineer or IT specialists.
6. "Golden hellos" (some of money paid upfront to recruit).
7. Generous relocation payments.

1.1.3 Flexibility Plan

Armstrong pointed out that the aim of flexibility plan should be to:

1. Provide for greater operational flexibility
2. Improve utilisation of employees' skills and capacities
3. Reduce employment costs
4. Help to achieve downsizing and in a way which avoids the need for compulsory redundancies
5. Increase productivity

Other alternative plans to full time employees such as the use of part-time workers.

Advantages of Using Part Workers

1. More scope for flexing hour worked
2. Better utilisation of plant and equipment by, for example, the introduction of a "twilight shift"
3. Lower unit labour costs because overtime level for full time
4. Higher productivity on repetitive work because part-time workers can give more attention to their work during their shorter working day.

Disadvantages

1. Part-timers are generally less willing to undertake afternoon or evening work, may find it more difficult to vary their hours of work and may be less mobile.
2. Rate of labour turnover may be higher among part-timers
3. Part-timers may be less committed than full time employees.

Job-Sharing

This is an arrangement whereby two employees share the work of the full time position, dividing pay and benefits between them according to the time each works.

This can be done also by splitting days or weeks or less frequently, working alternate weeks.

Advantages

1. It results in reduced employee turnover and absenteeism because it suits the need of the individuals.
2. It makes for greater continuity
3. Wider employee pool can be tapped for those who cannot work full time but want paid employment.

Disadvantages

1. The administrative cost involved
2. Risk of responsibility being divided.

SELF ASSESSMENT EXERCISE 1

1. Explain the concept of action planning for recruitment in the organization.
2. List elements that are fundamental in a good recruitment plan.

Shift Working Arrangements

These can be introduced or modified on demand requirements, reduce over time or provide better plant or equipment utilisation.

Flexible Hour Arrangements

This flexibility plan can be made in one or more of the following ways:

1. Flexible duty hours – These may follow an agreed pattern day by day according to typical or expected work loads.
2. Flexible weekly hours – Providing for longer weekly hours to be worked at certain peak periods during the year.
3. Compressed working weeks in which employees work fewer than the five standard days.
4. Manual hours – Scheduling employee hours on the bases of the number of hours to be worked, with provision for the increase or reduction of hours in an given period, according to the demand for goods and services.

Sub-contracting

This will enable

1. Resources to be concentrated on core business activities
2. Employment cost to be reduced
3. Flexibility and productivity to be increased
4. Job security for core employees to be enhanced.

The potential draw backs include:

1. The legal status of sub-contractors – This has to be clarified for income tax, national insurance and employment legislation purpose.
2. The degree to which sub-contractors will be able to meet delivery and quality requirements. It may be more difficult to control their work.
3. Negative reactions from employees and trade unions that prefer work to be kept within the company.

SELF ASSESSMENT EXERCISE 2

1. List flexibility arrangements that employers could use to alternate full time employment.
2. Outline the advantages and disadvantages of part-time jobs.

4.0 CONCLUSION

In this unit, we discussed the action plan of human resource planning in the organisation.

The action plan constitutes broad resourcing strategies and more detailed analysis of supply and demand factors. Organisations need to put plans in place, especially in the area of resourcing, flexibility, retention and downsizing.

It is noteworthy to understand that organisations are to choose the best method of flexibility plans to match their business environment.

Also action plans for recruitment here should be short and flexible because of dynamism and rapid changes in the business environment.

5.0 SUMMARY

We have seen that the action plan for recruitment provides broad resourcing strategies given cognisance to the demand and supply factor of human resources.

It also provides plans for resourcing, flexibility, retention and downsizing. Resourcing deals with the best way of getting people into the organisation. It could be internal or external. We also ensure that recruitment plan should put certain elements into consideration to make it reliable however the onus lies with employers to make choice in term of attracting good and high calibre employees.

We have seen that apart from full-time work, there are other flexible alternative working arrangements that are available to employers. These could include part-time work, job sharing, shift work arrangements, sub-contracting etc.

In the next study unit, we shall discuss the action plan for redeployment, redundancy and retirement.

6.0 TUTOR-MARKED ASSIGNMENT

1. Attracting good and quality employees is the function of the employer's choice. Discuss
2. Recommend five reasons why employers should adopt flexible working arrangements.

7.0 REFERENCES/FURTHER READINGS

Michael Armstrong (2001 pg 357-380). Human Resource Management
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MODULE 3

- Unit 1 Employment Trends
- Unit 2 Evolution and Structure of the Labour Force
- Unit 3 Industrial, Occupational Distribution of Manpower and Demographic Changes
- Unit 4 Mobility of Labour
- Unit 5 Economy of Education
- Unit 6 National Economics Objectives

UNIT 1 EMPLOYMENT TRENDS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Employment Trends
 - 3.2 The Manufacturing Sector
 - 3.3 The Distributive Sector
 - 3.4 The Agricultural Sector
 - 3.5 Unemployment Trends
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

We will study the need for human resource planning, to understand the trend of employment and unemployment in the economy in which they operate. An analysis of employment trends and distribution which are determined by age, urban migration and education factors is necessary for proper human resource forecasting.

Other factors that affect the level of employment have to do with the trend of economic development in some sectors of the society like the manufacturing, agricultural and distributive sectors. A proper study of the developments in these sectors will enable human resource planners to strategically forecast human resources requirement at a particular period.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- analyse employment trends in different economic sectors of the nation
- explain unemployment trends in modern Nigeria
- differentiate the trend of employment in different sectors of the economy
- apply the employment and unemployment trends in human resource forecasting.

3.0 MAIN CONTENT

3.1 Employment Trends

The total distribution of total gainful employment in industries indicated by Ojo (1998, p 62-65) shows that in Nigeria for the period of 1960 - 1994, 1960, about 72 per cent of the total force was engaged in agriculture. Since then accordingly the proportion of the work force in gainful occupation in the agricultural sector has declined gradually, reaching about 60 per cent in 1996. The relative neglect of the agricultural sector since the oil boom of the 1970s partly explains the drop in the relative contribution of the sector to total gainful employment.

3.2 The Manufacturing Sector

The manufacturing (manufacturing and processing) sector was regarded as second in employment generation. It was the manufacturing sector

that gained most in the provision of employment during 1970s and before the introduction of SAP in 1986.

The manufacturing sector between the 1970s and early 1980s, the proportion of people engaged in the sector increased gradually. The trend is traceable to the policy of industrialisation vigorously pursued in the country and highly enhanced by the oil boom.

Ojo however, pointed that manufacturing sector employment has suffered a severe decline since the inception of SAP.

3.3 The Distributive Sector

The distributive sector according to Folayan experienced considerable growth in its contribution to total gainful employment during the review period, having risen from only 2.9 per cent in 1960 to 163 per cent in 1996. It was followed in this trend by the service sector. In spite of the dominant role of the oil sector in the Nigerian economy, according to Ojo, it has never accounted for more than 0.5 per cent of aggregate gainful employment. This underscores the highly capital intensive nature of its activities.

3.4 The Agricultural Sector

The agricultural sector consists of an informal sector of rural activities. Agriculture continues to provide employment to over 60% per cent of the population. Most of these farmers are generally on small landholdings and subsistence farming. According to Fayana (2006), between 1984 and 1988, an average of about 62.18 per cent of the labour force was engaged in agricultural activities. Food and raw materials are provided for industries and the sector makes substantial contribution to foreign exchange earnings as well as the gross domestic product.

Secondly, the building and construction industry has experienced severe loss, in relative terms, as regards modern sector employment. This is due primarily to the considerable scaling down of capital projects in both the public and private sectors. Thirdly, the mining and quarrying sector is virtually dominated by the oil industry. Consisting largely of modern sector activities, it had its share of modern sector employment reduced considerably between 1985 and 1996 (Ojo,1998).

Ojo also pointed that many of the multinational companies which dominate the oil industry have slowed down their exploratory operations and/or have diverted part of their interests due to the national political crisis brought about by the annulment of the 1993 presidential election. He concluded that such companies have consequently downsized their activities and labour force.

SELF ASSESSMENT EXERCISE 1

1. Explain the concept of employment trends.
2. Critically evaluate the employment trend in the following sectors:
 - a) The manufacturing sector
 - b) The agricultural sector.

3.5 Unemployment Trends

The Nigerian unemployment problem emerged in the 1960s as it was virtually non-existent in the 1950s (Folayan Ojo, 1998). It was noted that over-employment of 143,000 made up of children below legal working age, was recorded for the 1953/53 census (Diejomah and Orimolade 1971). By 1966/67, urban employment was as high as 8.0 per cent against an overall rate of 1.7 per cent. Some factors are responsible for the trend.

Accordingly, Ojo (1998) infers the 1976 unemployment rate of 4.3 per cent was low, he ascribed this to the oil boom of the decade.

Secondly, aggregate as well as urban and rural unemployment rates were relatively high during the second half of the 1980s. He explained it in terms of the worsening economic environment – 1981-85 economic recessions which followed the oil boom and subsequent introduction of SAP in 1986.

Thirdly, employment rates have always been higher in urban areas due mainly to rural-urban migration.

Lastly, the data would seem to suggest a highly improved labour market situation particularly since 1989, in terms of the unemployment problems.

The Nigerian unemployment problem is found to be most serious among secondary school leavers. For instance, between 1989 and 1995, they accounted for between 52.8 and 68.7 per cent of the unemployed at the

national level, between 55.6 and 70 per cent in urban areas and between 49.1 and 68 per cent in rural areas (FOS, Statistical News).

Graduate unemployment which was virtually non-existent until the late 1970s worsened in the 1980s and has now become a chronic problem. Combining the unemployment phenomenon among secondary school leavers and graduates of tertiary institutions, the Nigeria unemployment problem is mainly one of educated unemployed.

Recent labour studies indicate that secondary school leavers constituted 57.6 per cent of unemployed persons while graduates of tertiary institutions jointly constituted 30.7 per cent. In terms of unemployment rates, which were 16.9 per cent overall, secondary school leavers recorded 22.6 per cent, university and college of education graduates recorded 17.3 and 14.5 per cent respectively.

Another major feature of the Nigeria labour market is that of youth unemployment which according to him has become a national socio-economic cankerworm that has eaten deep into the fabric of society. The rate of unemployment has always been highest within the 15-24 age group. Labour force survey 1966/67 indicated the group accounted for as high as 72.6 per cent of total unemployment even though it represented only 25% of potential labour force while in 1984 it accounted for almost three quarters of the unemployed. Recent data show the same pattern as the group represented 71.2 per cent of all unemployed in 1994 (FOS, 1996 p. 220).

It is also noted that the unemployment problem has always been more serious in urban areas than in rural areas (Folayan Ojo, 1998 p. 62-65).

SELF ASSESSMENT EXERCISE 2

Examine the factors responsible for unemployment in Nigeria from 1960 to date.

4.0 CONCLUSION

The agricultural sector provides employment for over 60 per cent of the Nigeria populace. However, the proportion of the labour force in the agricultural sector of the economy is declining gradual probably due to neglect of the sector since the oil boom began in Nigeria.

It is worthy to note that the sector provided the second largest employment, percentage which can be attributed to the policy of industrialisation being pursued vigorously by the Nigerian government.

This is followed by distributive sector including the service sector which seems to be dominant in the modern day economy.

5.0 SUMMARY

This unit teaches employment trends as the total distribution of total gainful employment in industries in Nigeria for a period of time.

We have briefly discussed some sectors of the economy that provide employment from the agricultural sector which was providing the greatest number of employment to manufacturing and distributive and other service sector.

Also in unemployment trend we discovered according to Ojo (1998) that in 1976, unemployment rate was low at about 4.3 per cent, this he alluded was the consequence of the oil boom of the decade.

Secondly, aggregate as well as urban and rural unemployment rates were relatively high during the second half of the 1980s; this was due to the worsening economic environment of 1980-85, economic recession which was the after affect of the oil boom and subsequent introduction of SAP.

It was found that Nigeria's unemployment problem is found to be most serious among secondary school leavers. This is coupled with youth unemployment has become a national socio-economic concern. In the next unit, we shall discuss the evolution and structure of the labour force.

6.0 TUTOR-MARKED ASSIGNMENT

Critically identify and analyse employment trends in the five major sectors in the economy.

7.0 REFERENCES/FURTHER READINGS

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UNIT 2 EVOLUTION AND STRUCTURE OF THE LABOUR FORCE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Evolution of the Labour Force
 - 3.2 The Need to Study the Labour Force
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

The labour force is the total number of capable men and women who are gainfully employed and/or who are not employed but are willing to work. This unit will teach you what constitutes this labour force and the need for you to study this group of people in the economy.

Understanding this concept will help the human resource planner to make appropriate forecast for manpower requirements in the organisation.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- explain the concept of labour force
- define labour force
- identify the need to study the labour force.

3.0 MAIN CONTENT

3.1 Evolution of the Labour Force

The labour force is defined by John Maher (1965) as all those people of 14 years of age or over who have jobs or who are seeking jobs.

The labour force also could be defined as the total number of men and women who are able or capable and are gainfully employed, and those who fall in the age bracket, capable and willing to work but have no job in a country within a period of time. It might differ from country to

country. The age bracket is usually between 18-56 years depending on the country.

Fayana (2006) sees the labour force as a set of people or citizens of a country who are willing and able to make available, at any given point in time their effort for gainful employment.

According to Fayana, it is not the entire population that constitutes the labour force, the population of a country especially its age structure; primarily determine the magnitude of the country's labour force. The entire labour force constitutes the employed and unemployed. Those who are employed are made up of individuals with full or part time employment while the unemployed are individuals with no work but who are looking for work.

Fashoyin's (2006) finding shows considerable growth in Nigeria's labour force.

In 1965, the labour force accounted for 49% of the population, in 1975 it was 46%, in 1981, it amount to 34.4%. It was also observed that a high percent of males within the labour force are in urban and rural markets than female population.

The subsequent survey shows a drastic drift to urban areas for both male and female but with greater number of men.

The population in Nigeria is experiencing a geometrical growth; this rapid population growth has been accompanied by rapid urbanisation.

Fayana pointed out that the trend towards larger and larger population conglomeration will eventually lead to drastic change in total population attributes with obvious effects on economic activity within the nation.

He also indicated that new technologies, fall in birth rates, and increasing domestic automation or revolution have provided explanations for the universal creation of the new labour force. In Nigeria, the new labour force comprises those with medium to higher education (mostly of secondary and university education level) and increasingly inclusive of young females

3.2 The Need to Study the Labour Force

The study of labour can help to answer questions about one's choice of occupation.

- Are the chances of getting a job better for a secretary or driver?

- Are employment opportunities greater in the Banking Industries or in Manufacturing Industries?
- What income typifies these occupations and industries?

SELF ASSESSMENT EXERCISE

1. Give three definitions of labour force.
2. Why do we need to study the labour force?

4.0 CONCLUSION

In this unit, we understand that the labour force is the total number of able men and women who are employed and/or are willing to work though unemployed.

The entire population does not constitute the labour force. However the population of country especially its age structure, primarily determines the labour force.

The relevance of this concept has made it inevitable for any organisation with full human resource planning not to study.

5.0 SUMMARY

This unit teaches that the labour force does not constitute the entire population but men and women who are willing to work. Fayana pointed out that age structures primarily determine the magnitude of the country's labour force.

Nigeria is witnessing a drastic move to urban areas; this consequently increases employment and unemployment areas.

We also discussed the need to study the labour force which among all includes the chances of getting jobs and employment and the chances of getting a job in a profession better than the others. In the next study unit, we shall discuss industrial and occupational distribution of human resources.

6.0 TUTOR-MARKED ASSIGNMENT

Identify and discuss the need why labour force should be studied.

7.0 REFERENCES/FURTHER READINGS

Folayan Ojo (1998). *Personnel Management*. Lagos: Panaf Publishers Inc.

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UNIT 3 INDUSTRIAL AND OCCUPATIONAL DISTRIBUTION OF HUMAN RESOURCES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Industrial Distribution of the Labour Force
 - 3.2 Occupational Distribution
 - 3.3 Demographic Change
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

The previous units show that the concept of human resource planning and forecasting are fundamental to the understanding of this course.

In this unit, we are looking at manpower distribution in various sectors of the economy and the consequences it exacts on human resource planning.

We will consider particularly industrial, occupational and demographic change. This unit will help you as a planner in human resources, to do strategic forecasting in meeting the requirement of the labour force in your organisation.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- apply the concept of industrial, occupational and demographic change in forecasting human resource requirements of your organisation
- evaluate the impact of demographic change on human resource planning
- explain the occupational distribution of the labour force
- correlate the growth in the industrial sector with the level of growth in employment in the Nigeria economy.

3.0 MAIN CONTENT

3.1 Industrial Distribution

One of the striking events in the employment of the labour force by industries is the relative decline in the importance of goods-producing industries and the increase in the importance of service industries. Goods producing industries include agriculture, mining, manufacturing and construction.

The service industry includes trade, finance, service, government, transportation and public utilities. John Maher pointed out that this phenomenon of decline in the one and rise in the other is probably an integral part of evolution of industrial societies. From the time of industrial revolution to now there has been a radial shift from agriculture to manufacturing and a great increase in the work force in the manufacturing sector.

Consequently the increase in the growth of industry leads to increased incomes and the rise in standards of living and those things associated with the good-producing industries and demanding more of those services associated with affluence.

The gadgets we produce now require innovation and adjustment (John Maher, 1965). The status of a people belies demands that they spent more money to have service repairmen fix their mechanical devices and doctors and lawyers mend their physical and social relationships.

Analysis in United State shows that in recent years there has been drastic decline in industries in employment. For example, in mining industry, employment as noted has fallen by about one-third since 1947: from just under one million workers to about two-third of a million in 1964.

Manufacturing shows a level of stability over last few years at a figure of about 17 million workers.

Transportation, according to John Maher indicated that on other hand, has declined slightly while retail trade, finance, service, and government have risen appreciably. It is worth noting at this point that it is not the federal government which is responsible for most of the rise in employment since 1947 but rather the state and local governments, who have nearly doubled number of workers in their service.

Accordingly, Maher observed that textile mill products show the most pronounced decline in employment, from a level of about 2.3 million workers in 1947 to less than 9 million in 1963.

It also noticed generally rising employment in manufacturing, both wholesale and retail trade, in government, and in the service industries: near stability in transportation and finance, and a declining trend in mining. The effect of cyclical is noted clearly and contractive in business activity. The recession of 1961 shows as a marked through in several of the series.

3.2 Occupational Distribution

Science and technology innovation have dramatic impact on skill and talent needs.

Surplus skills are often created by obsolete products, equipment or work method. For example, the need for personnel clerks has declined markedly as human resources professionals increasingly use computers. Shortage of special skills in the external labour market may suggest the need to develop specialised internal training programmes, to redesign certain jobs, or to encourage educational institutions to expand programmes in some of these skills.

It is forecast that demand for workers will vary widely among different occupational groupings. The service occupation is likely to command greater demand and this is followed by professional specialty, marketing and sales occupation. The demand for technician and related support will likely be less.

These wide differences, of course, extend to specific occupations. For example, employment in the category of "system analysts" will grow approximately 95%, while employment in the category of "operation research analysts" will grow by only 50%. It should be noted however that these projections are based on percentage change, not absolute numbers. Thus it is important to look at both the rate of growth and the absolute numbers.

3.3 Demographic Changes

It has noted fewer old Americans in the work force now than in the previous years but demographers expect this to be reversed within the next decade.

Human resource planning will need to include the possibility of fewer retirements and a work force that will have different benefit needs.

The most important dimension with this demographical development is that the organisations that fail to fully utilise the latent of all segments of society will increasingly be at a competitive disadvantage, particularly as skilled labour becomes more difficult to find.

SELF ASSESSMENT EXERCISE

1. Do you think that service industries have become a major sector in employment of labour. Why?
2. Gradually examine the decline of employment in the manufacturing sector and suggest what the government can do to remedy the situation.

4.0 CONCLUSION

In this unit, it is to be understood that there is a radical shift in the employment of the labour force from the goods producing-industry to the service industry. John Maher sees it as an integral of the evolution of the industrial society.

The growth in industries leads to increase in income and high standard of living and also demand of more of those things associated with affluence. It has also noted that there has been gradual decline in industries in employment and consequently increase in employment in service sector.

It is also important to note the impact of science and technology on the skill and talent and its consequences in human resource planning. It is forecast that demand for workers will vary widely among various occupational groupings. As indicated above, the service occupation is likely to command the greatest demand followed by professional specialty.

5.0 SUMMARY

This unit examines the industrial distribution of the labour force. It also noted that there is a gradual decline in goods-producing industries.

Goods-producing industries include agriculture, mining, manufacturing and construction. The service industries include trade, finance, service, government, transportation, etc.

Also it discusses the distribution in occupational sector. It is noteworthy that a good forecasting will take cognisance of the occupational grouping as demand for workers will differ among different occupations.

Finally, the unit examines the impact of demographic changes and also sees the need to tap into talents from all the segments of the society. In the next study unit, we shall discuss mobility of labour.

6.0 TUTOR-MARKED ASSIGNMENT

In modern economy, the service sector seems to be commanding grater labour force. Discuss.

7.0 REFERENCES/FURTHER READINGS

Folayan Ojo (1998). Personnel Management.

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UNIT 4 MOBILITY OF LABOUR

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Mobility of Labour
 - 3.2 Types of Labour Migration
 - 3.3 Types of Mobility of Labour
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the last unit, we considered the concept of the labour force, which is the total number of men and women who are capable and are gainfully employed and/or are willing to work at a particular period of time. In this particular unit, however we will go further to look at the concept of labour mobility which shows that labour could be mobile and not static. The labour force (workers) move from one occupation, work place and geographical location to another. At the end of this unit, you will be able to see why people move from one job to another, from one geographical area to another and from one work place to another.

2.0 OBJECTIVES

After studying this unit, you will be able to:

- explain the concept of mobility of labour
- identify types of labour migration
- list different types of labour mobility
- differentiate between migration and mobility of labour.

3.0 MAIN CONTENT

3.1 Mobility of Labour

Mobility of labour can be defined as the free movement of labour from one occupation, work place, and geographical area to another.

Mobility of labour has been well noted in Nigeria and between Nigeria and its neighbours. This covers mainly three aspects which include occupational, industrial and geographical mobility of labour.

Migratory labour has become a phenomenon among Nigeria and its neighbours – Sudan, Niger, Republic of Benin, Ghana, Cameroon etc. and within Nigeria, such labour had traditionally gone to the urban centres in search of greener pastures.

T.M. Yusuf (1984) noted that even before 1960, the concept of migration had been of great concern to many industrialists. A system in which workers spend their lives alternating between two places probably their native towns and modern industrial towns is economically inefficient and very wasteful.

Consequently, the acquisition of skill is delayed or prevented and productivity remains unnecessarily low. The worker, it was held, continues to be firmly rooted in his village home or town and to that extent is uncommitted to his industrial or other employment.

3.2 Types of Labour Migration

There are two types of labour migration as pointed out by T. M. Yusuf (1984, pg 84).

- **Migratory Labour:** This is the kind of labour migration where someone spends most of the time on agriculture within the part of the year, then goes in search of temporary wage employment in the dry season only to return to his traditional occupation during the rainy season.
- **Migrant for Permanent Employment:** This is different from the case of the migratory worker in that whether he spends a period of wage employment in two or twenty years, he does not regard the place of employment as home, or place of his birth.

The migrant workers are in different categories and the vast majority of Nigerian employment in cities and modern employment fall into this category. From time to time they visit home and spend part of their income to take care of their relations, and in situations of protracted unemployment, they go back home.

Yusuf refers that the home of the migrant worker serves as a retreating place which provides social and economic security in time of protracted unemployment which he does not enjoy in the cities.

Accordingly, as far as the migratory labour is concerned, the phenomenon is accounted for both characteristic of rural life, particularly agriculture and by the requirement of the industries where such labourer's usually engaged.

The types of job found in these rural areas require labour only during part of the year, for example, cultivation and harvesting of cocoa and groundnut.

Also building and construction industries require much of casual workers and consequently the availability of the migratory worker to do this job constitutes an advantage. It generates continuity and fuller utilisation are thereby enhanced and the help the industries concerned to adjust with minimum friction and labour unrest to seasonal fluctuation in their economic activity.

T. M. Yusuf's findings indicate that the whole phenomenon of migratory "labour" has been decreasing recently. It is probably due to the sharp decline in the country's cultivation and export of cash crops such as cocoa and rubber.

SELF ASSESSMENT EXERCISE

1. Explain the concept of mobility of labour
2. Outline and discuss two types of labour migration.

3.3 Types of Mobility of Labour

1. Occupational Mobility of Labour

This indicates free movement of labour (employees) from one occupation to another. This radial change of occupation is usually found among unskilled workers who have or do not require much training in their work.

For example, a factory worker can easily switch off to another occupation like trading, or farming but it will not be easy for an engineer to change to become a lawyer because these professions require education and training.

2. Industrial Mobility of Labour

This also indicates movement of labour from one industrial, company set up to another.

The skilled, semi-skilled and unskilled workers are usually part of this movement. This labour movement could be within the industry or from industry or firm to another.

3. Geographical Mobility of Labour

This is the movement of labour from one part of the country to another. Like in Nigeria, it could be from Eastern part of the country to Northern part of the country, it also be from Northern part of the country to Western part of the country.

The skilled, semi-skilled, unskilled workers could be part of this movement.

4.0 CONCLUSION

In this unit, we have discussed the fact that mobility of labour indicates free movement of labour from one occupation, work place, and geographical location to another. We discovered that this phenomenon is not strange to Nigeria and its neighbouring countries.

Now it is important to understand that free movement of labour is not without its consequences in that it projects a system where workers move from one place to another. This in turn leads to economic inefficiency, waste, and low productivity.

5.0 SUMMARY

Mobility entails free movement of labour from one occupation, work place and geographical area to another and her neighbouring countries. This covers mainly three aspects, which are occupational, industrial and geographical mobility of labour.

These types of labour migration were identified by T. M. Yusuf which are migratory labour and migrant for permanent employment. The latter is different in that the migrant worker is in the period of wage

employment whether two or twenty years, he does not regard the place of employment as his home or place of birth.

We also considered three types of mobility of labour. In the next study unit, we shall discuss the economics of education.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define mobility of labour.
2. Identify and discuss different types of labour mobility.

7.0 REFERENCES/FURTHER READINGS

Folayan Ojo (1998). Personal Management. Lagos: Ranaf Publishers Inc.

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UNIT 5 ECONOMICS OF EDUCATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Economic of Education
 - 3.2 Relationship between Education and Labour Force Participation
 - 3.3 The Impact of Education
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In this unit, we are going to look at the impact of education on the development of human capital which is vital to human resources planning.

Education is the bedrock of human resources development and it demands huge capital investment. A nation that ignores education will definitely lack manpower to develop its economy.

Inadequate manpower will incapacitate the industrial organisations. Human resources planners must take cognisance of this factor in making forecast about manpower requirement in the organisations.

2.0 OBJECTIVES

At the end of the unit, you will be able to:

- evaluate the economics of education in manpower development of a nation
- identify the relationship between education and the labour force participation
- outline the impact of education.

3.0 MAIN CONTENT

3.1 Economics of Education

Growth in education has seriously influenced economic growth and the transformation of agricultural economies.

Schooling has become more widely accepted and distributed, literacy rate rises and the average number of years of formal education or school increases.

In recent years, the growth of education has accelerated as many governments have been convinced by agreement that education or more generally “human capital” investment, is one of the most effective means of stimulating economics growth.

However, in most countries certain groups have benefited considerably more than others while in many secondary and tertiary institutions educational opportunities have been reserved almost exclusively for the children of the wealth families. Moreover there has been a tendency for male to benefit more to the exclusion of females. This pattern of education tends to perpetuate women to domestic work. Women have been limited to an inactive economic role in the society. Due to the fact that women have been deprived of education, their employment opportunity has been restricted.

3.2 Relationship between Education and Labour Force Participation

A general expression of education necessarily raises the average of labour force entry, and to that extent, education tends to lower the over all level of participation.

Three fundamental issues arise such as presented below:

- 1. Interrelationship between the labour force role and Education of children:** - This deals with the conflict between education and economic role of children in low income societies, the conflict arises because of the poor, in particular, who perceive return to education as low while children are able to carryout many forms of family labour or various forms of street side work.
- 2. Women Participation. The level of participation of adult women** in labour force is largely dependent on education. The influence of education on women participation would only become significant when the economy ceases to be largely rural, and a subsistence one. Initially only the rich elite would posses much

education. The few educated women likely belong to the rich households in which wives and mothers would tend to assume the defined role of conspicuous consumers of leisure but with the spread of education there are various behavioral and non-behavioral reasons for expecting positive relationships.

So far, research has not demonstrated any clear universal association between education and labour force participation, either at any particular stage of the life cycle or over the whole life cycle.

SELF ASSESSMENT EXERCISE 1

1. Explain the economics of education.
2. Evaluate the contribution of women to the labour force in contemporary Nigeria.
3. What implication does the economic role of children in poor a society have on their level of education?

3.3 The Impact of Education

1. At societal level, the spread of education tends to create a social climate favouring female economic activity and as women gain greater access to education and training, barriers to their employment in primary, high-income occupations tend to breakdown.
2. Economic Growth: The general rise in educational levels which coincides with economic growth will have several conflicting effect on the size of the labour force.

First of all the expansion will raise the average age of entry to the labour force, this tending to lower the crude or over-all participation rate. Correspondingly, it will encourage an intra-family re-division of labour supply from older family members.

3. Rapid Growth of commercialisation, urbanisation and industrialization: In low-income countries, the importance of education as a factor influencing the labour force participation has to be evaluated in the context of general rapid growth by commercialisation, urbanisation and industrialisation.

In a country where there are relatively few educated and skilled workers, there can be no doubt that a low level of participation by educated women has a high social cost.

4. Education enhances employment opportunity. It also raises income, aspirations, generally increases the opportunity cost of inactivity and weakens the restrictive power of cultural tradition limiting women's non domestic activity.
5. Education has several indirect position effects, that is, it tends to have strong negative effects on the number of children women want and have and leads not only to late marriage but postponement of child bearing.

Similarly, education increases the propensity of women to immigrate. That itself increases female participation in labour force.

6. Education and training help acquisition of skill in the labour force, which provides continuous employment.

SELF ASSESSMENT EXERCISE 2

State five reasons why education should be encouraged in developing economies.

4.0 CONCLUSION

Education has generally influenced economic development and schooling has been widely accepted as the bedrock of human development.

It determines the level of the labour force. However, many countries have not benefited equally, whereas in some other countries, the disparity in terms of gender is obvious. More males receive education than females hence women are relegated to domestic activities.

Recently, the social climate gives more women access to education and training and that has given greater opportunity for women in the labour force.

5.0 SUMMARY

1. Education constitutes one of the effective means of generating economic growth.
2. Increase in level of education increases the economic power of the labour force.

Relationship between education and labour force participation has raised fundamental questions on interrelationship between labour force role and education of children, which deals with the conflict between education and economic role of children in low income societies. Similarly, the level of participation of women in the labour force is dependent on education.

Finally, the impact of education includes creating a social climate for women to participate in the labour force. Economic growth, rapid commercialisation and urbanisation enhance employment opportunities and so many more. In the last study unit, we shall discuss national economic objectives.

6.0 TUTOR-MARKED ASSIGNMENT

Evaluate the impact of education to the economic development of any nation.

7.0 REFERENCES/FURTHER READINGS

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UNIT 6 NATIONAL ECONOMIC OBJECTIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 An Overview of Economic Development in Nigeria
 - 3.2 National Economic Objective and Reform
 - 3.3 Objective of NEEDS
 - 3.4 Constraints to Economic Development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Nigeria's economic development objective is pivotal to economic of growth. Consequently this growth has a multiplier effect which exacts on every sector of the society.

When the economy grows, the industries in the private and public sectors thrive and consequently employment opportunities are created and more labour force will be required to meet the demand of various industries.

Human resources planners cannot neglect the state of the economy as it is fundamental to making projections of manpower requirements for different organisations.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- review national economic development plans from 1960 to date
- evaluate National Economic Objectives and Reforms
- identify the objective of NEEDS
- examine the constraint to economic development.

3.0 MAIN CONTENT

3.1 An Overview of Economic Development

Since the early 1960s, Nigeria has articulated and implemented about four national development plans based on medium term of five year projections and several three year National Rolling Plans.

The implementation of the development plans was inspired by a felt need to accelerate the pace of growth and development. Unfortunately, the plans failed to achieve most of the objectives outlined in the document although moderate success was recorded in a few domains. These were mainly in the areas of supply of high level manpower, balanced development and reducing regional disparities and indigenisation of economic activities.

The common factors which limited the achievement include response constraints, non-availability and reliability of data, plan indiscipline, inadequate skill manpower, tax projection monitoring and evaluation, inadequate plan-budget coordination, corruption and poor implementation of economic policies. These factors of course precipitated multifaceted economic problems such as declining gross domestic product (GDP), plummeting foreign exchange reserve, huge public debt, persistent slide in exchange rate, unemployment, inflation, shortages of basic consumer goods and poor living standards.

In an effort to address the harsh socio economic conditions, government introduced demand management measures in 1982. The thrust of these measures is to cutback imports and scale down domestic expenditure. Specifically, the policy measures include increase in tariff rates, ban on importation of some consumer goods and upward adjustment of export tax rates. Unfortunately, these measures failed to address the fundamental problems confronting the economy which were structural in character.

At the expiration of the forth National Development Plan in December 1985, an economy emergence period was declared, the aftermath of the apparent failure of the demand management measures of 1982 and subsequent measures introduced in 1984 and 1985 were introduced to tackle the economic problems.

The ineffectiveness of the adopted economic emergency measure led to the introduction of the Structural Adjustment Programme (SAP) in July 1986. The intention was to use SAP to span the period between July 1986 and July 1988. It was designed to alter and realign aggregate domestic expenditure and production so as to minimise dependence on

imports, enhance non-oil export and bring the economy back on to the path of steady and balance growth relying on a private sector-led development approach.

To facilitate the actualisation of the objectives, the underlining strategy adopted by SAP was the deregulation of all markets and the shrinking of public sectors.

Public demands were so numerous that the meagre resources were spread thinly on all the projects earmarked for implementation with the result that none of the objectives was eventually achieved. Some of these projects included in plans as well as the sitting of such projects were based on the political consideration while the financial resources required for the execution of such projects were largely mismanaged.

Another inhibiting factor in the development of the Nigerian economy is poor co-ordination of economic policies and ambiguities in certain policy measures before the full realisation of the impact i.e. the ban of some items that can be locally produced to ensure self sufficiency was discontinued before the objective could be realised.

The state participation in Nigerian economic management has been bedeviled by inefficiency, tardiness, inconsistency in decision-making and implementation due to bureaucracy, and inefficient allocation of economic resources. Moreover, the growth potential that could be tapped from its role did not materialise, while the private sector has been substantially crowded out and the informal economy neglected. Unfortunately, the exercise consumed real and borrowed resources. This was the genesis of huge fiscal deficit and incessant pressures in the economy.

SAP seeks to minimise government's intervention in economic matters and allows prices to be determined by the interplay of market forces for the purpose of allocating resources and appropriate income resulting from the process of production (Ajakaiye 1987). By the end of 1988, government had resorted to the instrument of the three-year rolling plan and perspective planning.

The various national rolling plans have been implemented to complement the yearly introduced budgets. The dominant thinking behind these plans is to create stable macroeconomic growth and development. Not surprisingly, the plans have focused on the development of key productive sectors such as agriculture, and manufacturing for the promotion of national self-reliance and curtailment of the rising incidence of unemployment. The plans were to be implemented under the adopted policy of managed deregulation of the

economy and tight fiscal and monetary policies. Furthermore the authorities embraced the privatisation and commercialisation policy especially with regards to public sector manufacturing enterprises and public utility.

SELF ASSESSMENT EXERCISE

Highlight some important economic reforms carried out in Nigeria since Independence (from 1960) to date.

3.2 National Economic Reform and Objectives

Past governments in Nigeria have made several attempts to implement programmes with the aim of promoting rapid growth and the development of the economy. Based on the learning and experience from past efforts at reforming the Nigerian economy, the government of President Obasanjo introduced National Economic Empowerment and Development Strategy (NEEDS) in May 2003.

NEEDS was launched as the plan of government to transpose Nigeria into sustained prosperity. This policy served as a focal print of the National Economic Objective.

The reform agenda affects every sector of the society and the states are supposed to develop their State Economic Empowerment and Development Strategy (SEEDS) while the local governments are to develop their Local Economic Empowerment and Development Strategy (LEEDS).

NEEDS came out of widespread consultation with stakeholders across the nation and is aligned to both the New Partnership for Africa's Development (NEPAD) and the Millennium Development Goals (MDGs).

3.3 The Objectives of NEEDS

NEEDS is an economic programme which is intended to facilitate the attainment of the country's long term goals of:

- Wealth creation
- Employment generation
- Poverty-reduction
- Value orientation.

Based on these goals, the operating framework for implementing NEEDS is anchored on these four key pillars.

1. Reforming Government and Institutions

The primary goal of reforms is to restructure, reprofessionalise and strengthen public service, to run government and public institutional reform, to fight corruption, ensure greater transparency, promote the rule of law and strict enforcement of implementation of contracts.

The objectives here are to right size and professionalise government and public institutions for effective service delivery, to eliminate waste and inefficiency and as well as free up resources for investment in infrastructure and social services by government.

2. Implementation of Social Chatter

The focus of NEEDS is on people and their welfare, their health and education, their employment and empowerment, their security and participation.

The success or failure of this programme will ultimately be evaluated on how well it delivered on people- based Key Performers Indicators (KPIs). In this case the programme will be focused specifically on the following areas among others.

a. Health: Effective health care delivery with emphasis on HIV/AIDS, malaria, tuberculosis, etc.

b. Education: With about 50% of the population as children, education is seen under (NEEDS) as the most important bridge to the future of Nigeria. What needs to be done to reinvest in health and education in Nigeria, given the extent of decay and neglect in these sectors.

c. Integrated rural development.

d. Housing development.

e. Inclusiveness and empowerment.

Thus a deliberate welfare package to give voice to the weak through increased participation in decision-making, i.e., programmed to empower women, the handicap, children etc., NEEDS targets 30% representation for women in all aspects of national life where feasible.

3. Growing the Private Sector

NEEDS is concerned as a development strategy that is anchored in private sector as the arrow head of the driving growth in the economy. The sector is expected to play a very direct role in the process as investor, executor and manager of the business (Emmanuel Imoagene 2006). The key elements are:

- a. Developing Infrastructure – especially electricity (power) and transportation.
- b. Renew privatisation and liberalisation, e.g., PHCN, deregulation of the oil sector (down stream), etc.
- c. Financial Services – Banking reforms, mobilisation of long term funds for investment (via pension reforms).
- d. Sectorial strategies: i.e., agriculture, SMEs which are critical for creative, employment service (especially tourism), solid minerals, etc.
- e. Security and the Rule of Law: This is the most important requirement for any meaningful reform to actually take place as no serious investor will put his money in an environment where these are lacking.

4. Value-Orientation

The objective here is to discourage rent-seeking behaviours of the citizens in public and private life and encourage professionalism, selfless service, and efficiency in service delivery. Consequently, efforts would be geared towards reducing social ills and achieving greater transparency in public and private sector financial transactions thereby promoting accountability.

At the forefront of these reforms would be the National Orientation Agency (NOA) and its state counterparts. Government will encourage civil society organisations, religions and socio-cultural-tradition organisations etc. to provide leadership in the campaign for a new value system.

3.4 Constrains to Economic Development

It is important to note that the Nigerian economy is totally dependent on the oil sector since the oil boom of the 1970s. This heavily dependence on importation has unduly expanded the role of the public sector in the economy. Consequently the bulk of resources belonging to the public sector was expended on importation.

1. Failure of the state in economic development in Nigeria is manifest in the growing level of macroeconomic development in domestic output and deteriorating living conditions of the populace. Some of the immediate causes of the above stated adverse trends were policy instability, inadequate transparency in the economic policy process and gradual loss of initiative to deal with emerging critical policy problems such as the growing and inappropriate role of the public sector in the economy.
2. Failure to Implement Development Plans: Development planning which has been the strategy for accelerating the pace of economic development in many countries has not been effective. Overall, the plans so far executed ran into difficulties.

4.0 CONCLUSION

Nigeria's economy has evolved through various economic development programmes and reforms right from its inception as an independent nation.

Most of these plans and reforms have clearly stated objectives which they intend to achieve but unfortunately the frequent changes in political governance has exacted negatively on these reforms; hence they have not live to achieve their objectives.

The current National economic objective is built on NEEDS. NEEDS was introduced as a plan to transpose Nigeria into sustainable prosperity. This is also to serve as compass to National economic objectives. How it will go to achieve this objective depends on the strategic implementation of its content.

5.0 SUMMARY

This unit is an overview of Nigeria Economic Development right from independence in 1960. Nigeria has attempted various economic programmes and rolling plans. We have also discussed National Economic Reforms and Objectives of this present democratic era.

The focal point of the economic inbuilt is the National Economic Empowerment and Development Strategy (NEEDS). The objective of NEEDS is wealth creation, employment generation, poverty reduction and value orientation.

Finally we looked at the constraint which the Economic Development Plan is generally subjected to in the Nigeria environment.

6.0 TUTOR-MARKED ASSIGNMENT

.Identify and discuss the major objectives of (NEEDS).

7.0 REFERENCES/FURTHER READINGS

Duke, O. O. (2005). Mainstreaming the Nigeria – South Africa B1-National Commission (BNC) into the National Economy Empowerment and Development Strategy (NEEDS).

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