

Human Capital Development as Catalyst for Increased Organization Performance: The Necessity.

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Abstract- *The current study is carried out on ‘Human Capital Development as Catalyst for Increased Organization Performance: the necessity’. The era of rule of thumb in implementing business operations are far gone and any business that is still operating on trial and error, undoubtedly, in this ever-changing business environment will be operating at competitive disadvantage. Meaning that the business will find it difficult to survive and to compete favorably, in this highly competitive business world. It therefore becomes necessary for business owners and business policy makers to place priority on their organization members by ensuring that these members are trained and developed to better fit into the current demands on how operations should be carried out in order to gain competitive advantage and to enhance increased organization performance. Despite the fact that human capital development requires initial capital outlay, the resultant benefit for investment in human capital, cannot be undermined. Business owners and business policy makers are therefore encouraged to invest in the training and development of their human capital.*

Indexed Terms- *Catalyst; human capital; increased organization performance; training and development*

I. INTRODUCTION

Recently more than ever, every facet of human endeavor, put behind, its old phase and introduces a new phase. These new phases have compelled man to adapt to the new phase, but survival and sustainability in the new phase remains a function of the ability of

man to possess the requisite capabilities. This study is carried out to investigate the necessity for human capital development as catalyst for increased organization performance. Human capital has been viewed as the sum of knowledge, skills, abilities and other characteristics of individuals accumulated through education and training [1], [2]. Further, Human Capital refers to the knowledge, expertise, and skill one accumulates through education and training [3]. The need for human capital development though taken for granted by many organizations, cannot be kept under the carpet. This is because, human capital remains the main resource of an organization that drives other resources to the attainment of organization set goals. [4] asserted that organizations should recognize that without human capital resources, little productivity can be realized. As noted by [5], a vital tool to realizing an organization’s goals and objectives is its human capital endowment. Further, the human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization [6]. Following the dynamic nature of the general globe and consequently all of its integral parts, including human capital, it becomes pertinent, that for any organization to survive and sustain its operations, that the human capital must equally be reviewed and updated. According to [7], just like other assets, the people in an organization need to have their effectiveness reviewed and improved from time to time, in order to realize growth and productivity of the organizations.

1.1 Statement of the problem

In no doubt, every business to a large extent is established to make profit. But in making profit, there are certain sacrifices that are worth making. However, while all business desire to making profit, only few businesses understand some of the sacrifices that needs to be made in order to make the desired profit. Many organizations during recruitment want to specify the number of years of experience and the required skills required to stand a chance of getting employed. However, the rapid change in the general ways businesses are carried out and the corresponding skills required at every point in time to fit-in to the new demand has constituted problem to many organizations. While it is necessary to train and develop staff to endow them with the requisite skills and training, some organizations still find it difficult, investing in the development of their human capital.

1.2 significance of the study

The current study is significant as it:

- i. Contribute to general knowledge
- ii. Will be of great benefit to researchers and students
- iii. Will enable employers and organization see the need why they should invest in the development of their human capital

II. LITERATURE REVIEW

2.1 Theoretical Framework

theory is a generalized statement of abstractions or ideas that asserts, explains or predicts relationships or connections between or among phenomena, within the limits of critical bounding assumptions that the theory explicitly makes [8]. The generalized statement brings together ideas, “interrelated concepts, definitions, and propositions that explain or predict events or situations by specifying relations among variables” [9]. Further, as noted by [10], theory is a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena. On the other hand, theoretical framework is the result of the notion of other people, based on their perspective over a particular phenomenon. According to [11], theoretical framework comprises other people’s theoretical perspectives that you interpret as relevant to your research. This study was backed by ‘Skill

Acquisition Theory’. The scientific roots of Skill Acquisition Theory can be found in different branches of psychology, which ranges from behaviorism to cognitivism and connectionism [12]. In the words of [13], skill theory "refers to a cognitive repetition phenomenon in which prior exposure to specific language forms or meaning facilitates speaker's subsequent language processing". The premise of Human capital theory is that people possess innate abilities, behavior and personal energy and these elements make up the human capital they bring to their work [14]

2.2 Human Capital

There has not been a consensus among researchers with respect to the origin of the concept of Human Capital as one school of thought holds that, ‘The origin of human capital goes back to emergence of classical economics in (1776) and thereafter developed a scientific theory [3] while another school of thought holds that ‘The concept of ‘human capital’ is credited to Theodore Schultz in the 1960’s to reflect the value of our human capabilities [15]’. However, [16], promulgated that after the manifestation of that concept as a theory, [17] recognized the human capital as one of the important factors of national economic growth in the modern economy. Human capital is deeply rooted in macro-economic development theory [18] In terms of definitions, [19], observed that, several researchers have proposed various definitions for the concept of human capital. However, each of these definitions emphasized different characteristics of the concept [19]. Human Capital refers to the knowledge, expertise, and skill one accumulates through education and training [3], [20], [21], [22], [23] and [24]. According to [19], in clear terms, human capital refers to anything but physical capital including equipment, properties and financial capital. It is defined as a collection of knowledge, creativity and features with which individuals utilize in carrying out their jobs effectively [25]. [26] asserted that Human Capital is an investment in knowledge and skill. Finally, according to [27] Human Capital is defined as the skills, competencies, abilities and knowledge possessed by individuals which improves their personal, social and even economic well-being. It is therefore obvious that there could be definitions of human capital as there are writers on the subject. In this study, human capital is defined as the capabilities

possessed by an individual, with which he strives towards remaining relevant.

2.2.1 Training and Development

The changing nature of the general business world has made training to take the front burner among businesses that understands its importance. This is because, to remain in business and to be profitable, businesses must understand the need for staff training and the consequent role it can play on its profit, not minding the initial expenses incurred on the training. According to [2] In an era of heightened corporate transparency, greater workforce mobility, and severe skills shortages, culture, engagement, and retention have emerged as top issues for business leaders. Training is a considerable investment in workers that fosters their skills and abilities in handling workplace problems [28]. It therefore follows that without training, it is impossible to empower the human elements of an organization with the requisite skills required to overcome workplace dilemmas.

Due to increased environmental degradation and global warming, human resource development functions are more concerned with employee training and development as a key to sustainable organizations; despite unsustainable patterns of development across the globe [29]. As revealed by the study of [30], skills upgrading has direct positive growth effects associated with the stronger labor force attachment and the better employability of more-qualified workers.

2.3 Increased Organization Performance

Organizational performance remains a central theme in contemporary literature [31] and the factors that can impact on organizational performance, has been approached, through different perspectives. For instance, corporate governance [32] internal organizational environment [33], training, development and green human resources practices [18], and investment in human capital [2], [34]; [35]. Improved performance of any organization is a function of many factors and at the very top is the adequacy of such organization's human capital. This is because, having all the required fund and equipment, the best of business environment, if the organization members don't understand what it takes and the need to sustain and improve the business environment, soonest, such environment will become

hazard. Further, having the best of equipment available, on its own cannot transform the organization and consequently, improve performance. It only takes the organization members that have the competences required to put the available equipment to use, to transform the organization and consequently, improve performance. Increased organizational performance therefore refers to a state of affairs in which the organization harnesses its resources and achieved better competitive advantage. The aforementioned cannot be achieved without the human capital. As noted by [36] human capital is an organization's source of competitive advantage that is related with value, rareness, inimitability and non-substitutability

III. CONCLUSION AND RECOMMENDATION

3.1.1 Conclusion

The complex and dynamic nature of the business environment is enough to bring about business failure. In no doubt, many businesses are failing on a regular basis and many others are just operating on the average, without competitive edge. The above-mentioned scenarios of business failure and operating on the average, is not tied to the complex and dynamic nature of the business environment, but largely, the failure of business owners and business policy makers to develop their human capital to equate with the changing environment. This they can achieve by training organization members in accordance with current dictates. A noticeable problem among many business owners and business policy markers not to invest on the development of their human capital is that on one hand, the cost implication is given so much attention to and little or no attention to the resultant benefit. On the other hand, many business owners and business policy makers, assume that the old and routine methods of carrying out operations will fit into these changing and current situations. [37] asserted that learning has become an important element of social responsibility as well as sustainability in organizations where emphasis is on managing renewable resources, reduce waste and pollution, use solar energy, and invest in repairing damage done to mother earth. As suggested by [28], training is a considerable investment in workers that fosters their skills and abilities in handling workplace problems. The process of empowering and developing

employees is bound to increase their motivation and adaptability to organizational dynamics and changes [38]

3.1.2 Recommendation

At this point in the current study, the following recommendations are made:

- i. Learning is a regular activity and consequently, organizations should make it a priority- the development of their human capital, by integrating it in their yearly budget. As noted by [39] the concept of human capital is assumed to consist of an individual's skills, knowledge, capabilities and experience as well as the ability to improve these through individual learning.
- ii. Organizations should understand that investment in their human capital, will definitely have a multiplier effect on its operations and should not assume that it is expenses that only reduces their profit
- iii. While the organization is making huge effort towards developing her human capital, the organization members must avail themselves and take advantage of the training. This is because, outside positioning the organization member to better improve the organization's performance, the knowledge acquired, will be capable of transforming the individual's carrier path and prospects.

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