

# Human Capital Development: Analysing the Dual Benefits to the Individuals and Their Organization

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**Abstract:** *The study analyses the dual benefits of human capital development to the individuals and their organizations, using the Federal Polytechnic, Oko, Anambra State, Nigeria as a case study. Bearing in mind that the human resources of every organization is its most critical asset that appreciate in value, it becomes imperative that organizations that wants to create more value will necessarily invest in the development of its human capital. With this in mind, this study focuses on a critical organization whose primary function is to develop the manpower stock of the nation through innovative education and skills acquisition. It therefore, behooves on such organization to have a stock of human capital that is abreast of the current trends in the society and the world of work especially with the disruptive changes that has been brought about by technology. In order to accomplish the objectives of this study, two specific aims were identified: first, to investigate the correlation between access to funding for further studies and employee performance; and second, to determine the nature of the relationship between staff training and employee performance. The creation of the study questions and hypotheses was based on the specified goals. The researchers conducted a comprehensive evaluation of relevant literature and based their work on Schultz's (1961) Human Capital theory. The data in this study were obtained from a sample of 359 participants, which was selected using the Taro Yamane algorithm, from a larger population of 3486 individuals. The data that was gathered was presented using basic percentage calculations and mean scores, while the hypotheses were evaluated using the Pearson correlation statistical method. The research revealed a significant correlation between the availability of funds for advanced studies and the performance of employees at Federal Polytechnic, Oko, Anambra state. Additionally, it was observed that staff training is also positively associated with employee performance at the aforementioned institution. Based on the results obtained, the research suggests that it is essential to address the matter of financing accessibility in order to incentivize institution staff members to avail themselves of funding possibilities for the purpose of enhancing their knowledge and abilities. Furthermore, it is recommended that the institution implement a management strategy for employee training to facilitate capacity development and foster a more dynamic approach. Greater emphasis should be given to the learning of digital and information and communication technology (ICT) skills.*

**Keywords:** Human Capital and Human Capital Development

## INTRODUCTION

Organizational goals and objectives are usually achieved through the individual and collective efforts of its members. Promoters of organizations – government; in the case of the public sector and private individuals on the other hand – engage employees to assist in the achievement of the set targets that necessitates the formation of the organization. These individuals were engaged in view of their competences and capabilities and assigned various duties and responsibilities based on their skills and abilities. Thus, the people, their knowledge, skills and abilities all constitute the human capital of the organization, which in the views of Nor (2016) constitute the core of intellectual capital of an organization that drives business performance or service delivery.

According to Nor (2016), it is a valid assertion to state that the primary resource of an organisation is its personnel. Nor emphasises that an organisation is comprised of interconnected groups of individuals who collaborate and organise their efforts to achieve the goals and objectives of the organisation. The effectiveness of an organisation may be attributed to the presence of individuals who possess the appropriate qualifications and are assigned to suitable roles or positions. These individuals must engage in activities that align with the organization's objectives, while being situated in appropriate locations and executing their tasks at opportune moments. Furthermore, their motivation and access to necessary resources are crucial factors in ensuring the completion of their responsibilities.

As a driver of other factors of production, the human capital is essential to the growth, development or decline of organizations. Even in this age of technological advancement where computers and machines are fast taking over manual operations, human beings are still needed to programme and control the machines, assess their performance, service and maintain them and ensure that alternatives are provided in cases of breakdown and emergencies. This statement highlights the fact that even highly automated tasks

still require the involvement of human resources in order to maintain organisational efficiency and achieve optimal performance (Adeoye, 2012).

For a tertiary institution like the polytechnic, the yardstick for measuring development is quite complex and the manifestations of efficiency and effectiveness are varied. From the obvious ones that relate to the quality of its training on vocational skills development, technology transfer and diffusion of innovation, research output, contribution to knowledge and problem solving in the society as well as how the institution responds to changes in its operational dynamics occasioned by advancement in technology, to the less noticeable ones that has to do with record keeping, student-staff relationship, prompt processing of students' results and mobilization for national youth service, quality of students graduated, among others.

These factors provide as a rationale for the ongoing presence and financial support from the government towards higher education, as it acts as a catalyst for the development of human capital, specifically, and national development, in a broader sense. The performance indicators for tertiary institutions exhibit not only a diverse and intricate nature, but also possess a dynamic quality that evolves in response to temporal shifts and the evolving demands of individuals and society. Therefore, in order to ensure that the organisation remains up-to-date with current trends and advancements, it is essential to continuously invest in the development of its human resources. This empirical research examines the dual advantages of human capital development for people and their organisations, specifically focusing on the Federal Polytechnic, Oko, Anambra State, Nigeria. It acknowledges that development is a dynamic process characterised by change.

### **Statement of the Problem**

There exists a widely accepted consensus about the notion that an individual is unable to bestow to others something which they themselves do not possess. This axiom underscores the previously mentioned assertion that the productivity of individual members within the organisation is contingent upon their knowledge and abilities, which are gained via formal education, training, and experiential learning. These cumulative efforts contribute to the overall growth of the organization's human capital. Organisations that demonstrate a strong awareness of societal needs allocate significant resources towards enhancing the skills and qualities of their employees. This is achieved through various initiatives such as training, development programmes, and strategic performance management schemes. The objective is to foster a culture of effectiveness and high performance within the workforce.

The assessment of performance, service delivery, growth, and development of an organisation relies heavily on the kind, relevance, and quality of these endeavours. Many organisations struggle to effectively compete in the current corporate landscape, which is characterised by many uncertainties. This is often due to their failure to adequately align individuals with suitable roles and align roles with individuals. The primary challenge faced by many contemporary organisations is their simultaneous pursuit of excellence, operational efficiency, organisational expansion, and managerial effectiveness, while neglecting the crucial aspect of continual human capital development.

Despite the evident correlation between the development of human capital and the performance of workers, which subsequently fosters the growth and advancement of organisations and their employees, certain organisations, particularly in the public sector in Nigeria, appear to neglect these crucial human resource functions. By standard human resource practices, human capital development is meant to address general and specific organizational concerns as it relates to workers' efficiency, effectiveness, adaptation to and use of technological equipment, knowledge, skills and abilities etc. All these are supposed to improve performance, staff commitment to duty, better service delivery and the overall development of the organization.

The matter of human capital development at higher education institutions has significant importance since these organisations are responsible for cultivating expertise across a wide range of disciplines. One of the facets of human capital development, in this instance, pertains to the pursuit of further education. There are several subsidies and grants that staff employees may use in order to further their education, particularly at the professional and postgraduate levels. Funding channels such as the Tertiary Education Trust Fund (TETFund) and the Petroleum Trust Fund (PTF), among others, exist but are sometimes difficult to access. The aforementioned obstacle significantly hinders the advancement of human capital development in the context of pursuing more educational opportunities.

Another issue is in the way and manner training programmes are conducted in most public sector organizations. Issues of needs assessment and job analysis do not seem to inform the need for training; its design, content and implementation. Selection for training is rarely based on identified needs for improvements in specific areas or skills and most often than not, training programmes are usually conducted in a one-size-fits-all basis, haphazardly done and usually not tailored towards meeting specific needs such as skills deficiencies identified in the course of performance appraisal. This research examines the reciprocal advantages of human capital development for people and their organisations, with a specific focus on the Federal Polytechnic, Oko, located in Anambra State, Nigeria.

## Objectives of the Study

The primary aim of this research is to examine the dual advantages of human capital development for both people and their organisations. The case study will focus on the Federal Polytechnic, Oko, located in Anambra State, Nigeria. The particular aims of this study are as follows:

1. To ascertain the relationship between access to funding for further studies and employee performance of Federal Polytechnic, Oko, Anambra state.
2. The objective of this study is to examine the correlation between staff training and employee performance at Federal Polytechnic, Oko, located in Anambra state.

## Research Questions

This study was guided by the following research questions;

1. What relationship exist between access to funding for further studies and employee performance of Federal Polytechnic, Oko, Anambra state?
2. What is the nature of relationship that exist between staff training and employee performance of Federal Polytechnic, Oko, Anambra state?

## Hypotheses

The following hypothesis guided the study

### Hypothesis I

**H<sub>0</sub>:** Access to funding for further studies has no relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

### Hypothesis II

**H<sub>0</sub>:** Staff training has no relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

## REVIEW OF RELATED LITERATURE

### Human Capital

According to Armstrong (2006), the concept of human capital is synonymous with the notion of human resources within an organisational context. According to the definition provided by the Organisation for Economic Co-Operation and Development (OECD, 2001), human capital refers to the collective knowledge, skills, qualities, and competences possessed by people that enable the generation of both tangible and intangible value for organisations. According to Schultz (1993), the concept of "human capital" plays a crucial role in enhancing a firm's profitability via increased productivity and maintaining a competitive edge in the industry. Therefore, in order to maintain competitiveness within businesses, the utilisation of human capital becomes a crucial tool for enhancing productivity and the provision of services.

According to Bontis (as stated in Nor, 2016), the concept of human capital refers to the embodiment of the human component inside an organisational structure. According to Bontis (as stated in Nor, 2016), the notion of organisational existence extends beyond the sheer presence of individuals inside the organisation. It encompasses the collective intellect, skills, and expertise of these individuals, which together contribute to the unique identity of the organisation. According to Armstrong (2010), the concept of human capital encompasses all of the inherent and learned traits of individuals, which may be enhanced via investments in education, training, and development. Human capital, in broad terms, encompasses the concrete and intangible advantages that employees provide to their employers throughout the course of their employment association. Some of these tangible and intangible benefits of the human capital in organizations include their physical and mental strength, skills, knowledge, attitudes and other acquired traits channeled positively towards contributing to the production of goods and services.

### Human Capital Development

According to Qureshi and Ramay (2006), human capital development refers to the process of training and developing the inherent skills of individuals inside organisations, with the aim of maximising their potential. According to the authors, the development of human capital is crucial for achieving the maximum utilisation of the workforce, resulting in mutual benefits for both individuals and organisations. According to the research conducted by Ukenna, Ijeoma, Anionwu, and Olise (2010), the concept of human capital development encompasses various activities such as education, training, and other professional endeavours. These activities are designed to enhance an employee's knowledge, skills, abilities, values, and social assets. The ultimate goal of human capital development is to improve employee satisfaction and performance, which in turn contributes to the overall performance of the organisation.

The objective of human capital development for organisations is to effectively convert the inputs of human capital into desired outputs. The acquisition, allocation, development, utilisation, conservation, improvement, and suitable remuneration of personnel are the management subsystems involved in the transformation or development process. Enhancing the knowledge, abilities, and attitudes of people and groups within an organisation is accomplished by means of education, training, and management development initiatives.

### **Theoretical Framework**

The research will be grounded in the framework of the human capital theory. The origins of the human capital theory may be identified in the scholarly contributions of Adam Smith, as presented in his renowned publication, *The Wealth of Nations*, which was released in the year 1776. The phrase 'human capital theory' was first used by Theodore W. Schultz in a seminal paper published in 1961 in the *American Economic Review*, titled "Investment in Human Capital." According to the findings of Wuttaphan (2017), the human capital theory posits that varying levels of education and training are associated with distinct levels of remuneration in terms of earnings and salaries. According to Blair (2012), there is a positive correlation between the level of knowledge, skill, and ability possessed by an individual and their chance of securing a higher-quality employment opportunity.

Generally speaking, the human capital theory is premised on the assumption that individuals, organizations and the society at large derive economic benefit from investing in people. The nature and character of the investment is usually in the areas of health, social services and education. There are instances where organizations provide medical and health insurance for its staff, staff clinic, staff canteen, staff bus, etc. However, scholars have placed more emphasis on education and its sub variant, training because they have direct tangible implication on workers' performance and the general growth and development of the organization.

Advocates of the human capital theory assert that formal education plays a crucial role in enhancing the productive capabilities of a society. Human capital theorists claim that a population that has education is inherently productive. Human capital theory places significant emphasis on the role of education in enhancing the productivity and efficiency of individuals in the workforce. This is achieved through augmenting the cognitive powers of economically productive human beings via the accumulation of knowledge and skills. Such enhancement is a result of both inherent abilities and deliberate investments made in individuals. The allocation of resources towards formal education is seen as a strategic investment in human capital, a notion that proponents of this theory regard as being of comparable or perhaps greater value than investments in physical capital (Woodhall, as quoted in Almendarez, 2011).

Human capital theory is widely recognised as one of the economic theories pertaining to Human Resource Development (HRD), alongside the Scarcity Resource Theory and Sustainability Theory. Swanson (1999) posits that the occurrence of performance improvement inside organisations, which function as economic entities, necessitates the incorporation of an economic theory as its fundamental framework. Furthermore, it is important to recognise that management ideas and procedures may be considered valuable extensions of economic theory. In order to thrive in a highly competitive knowledge-based economy while also ensuring long-term sustainability, it is imperative to give due consideration to the concept of human capital as an economic theory (Wuttaphan, 2017). The application of human capital theory has the potential to boost the overall performance of a corporation. It elucidates the importance of maximising labour resources and elucidates how organisations may amass the knowledge, skills, and abilities of their workers by investing in human capital via training and education. This investment serves to augment an employee's capacity to accomplish their duties proficiently.

The human capital hypothesis places emphasis on the importance of education and training as essential factors for individuals to engage in the contemporary global economy. According to a recent report by the Organisation for Economic Cooperation and Development (OECD), the extensive modifications implemented in both the public and private sectors of various economies in response to globalisation are anticipated to have significant and disruptive effects on established values and procedures. Another research provides an explanation of internationalism in higher education as an integral element of the process of globalisation.

Accordingly, the Organisation for Economic Cooperation and Development (OECD) posits that the adoption of an internationalist approach serves as a mechanism for enhancing the calibre of education. According to human capital theory, there is a growing argument that the economic performance of OECD nations is becoming more reliant on their knowledge stock and learning capacity. The OECD is actively seeking to redefine the role of education in relation to the necessary human capital competencies demanded by globalised institutions. Babalola (2003) posits that the rationale for investing in human capital may be attributed to three key considerations.

1. The transmission of accumulated knowledge from past generations to the present generation is vital.
2. The instruction of the younger generation should include the utilisation of current knowledge in order to foster the creation of novel goods, the implementation of innovative processes and manufacturing techniques, as well as the establishment of new social services.
3. It is essential to foster an environment that promotes the cultivation of novel concepts, products, procedures, and methodologies by means of innovative methodologies.

In conclusion, the human capital theory posits that the allocation of resources towards the development and enhancement of human capital will result in increased economic productivity and output. Nevertheless, the veracity of the hypothesis might be challenging to establish and may even provide conflicting evidence. Historically, the economic might of nations was mostly contingent upon tangible material assets, including land, industries, and equipment. The inclusion of labour was an important element, however, the augmentation in the business's worth stemmed from investments made in capital equipment. Nevertheless, contemporary economists widely agree that education and healthcare play a pivotal role in enhancing human capital, hence leading to a subsequent rise in a nation's economic productivity (Becker, 1993).

## METHODOLOGY

### Research Design

A research design refers to a systematic framework that outlines the methods and procedures used to gather and analyse pertinent information in relation to a certain research inquiry (Chukwuemeka, 2002). Therefore, the present study used a descriptive survey research approach. The use of a descriptive survey research approach obviates the need for deliberate manipulation or control of variables. The primary objective of the researchers in this descriptive study was to provide an accurate description of the link between two phenomena, namely human capital development and organisational performance, within the context of the Federal Polytechnic Oko in Anambra state, Nigeria.

### Population of Study

The population of this study constitute the academic and nonacademic staff of the Federal Polytechnic Oko. According to figures from the personnel unit of the institution, the population figure or staff strength of the institution as 2019 is 3486, consisting of 1580 academic staff and 1906 nonacademic staff.

### Sample Determination

The research used Taro Yamame's (1967) method to ascertain the sample size, taking into account the population figure. As stated by Taro Yamane in his seminal work published in 1967, the method for selecting a sample from a given population is as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where n = sample size

N = Population of the study

e = Sampling error (in this case 5 percent)

1 = Constant

The sample size is therefore computed as follows:

$$n = \frac{N}{1+N(e)^2}$$

$$n = \frac{3486}{1+3486 (0.05\%)^2}$$

$$n = \frac{3486}{1+(3486 \times 0.0025)}$$

$$n = \frac{3486}{1+8.715}$$

$$n = \frac{3486}{9.715}$$

Therefore, **n = 359**

Therefore, the sample size for the study is 359.

### Data Analysis Techniques

Descriptive statistics were used to examine the data produced from primary sources, including tables and simple percentages. The Pearson correlation coefficient was then used to test the hypotheses. The correlation coefficient test is a non-parametric inferential statistic used to determine how closely two variables are related. In order to analyse and understand the data from the completed surveys, the findings were first recorded in Microsoft Excel and then transferred to SPSS.

### DATA ANALYSIS

#### Test of hypotheses using SPSS version 23

**Decision rule:** If the probability is lower than the alpha threshold, then the alternative hypothesis is rejected and the null hypothesis is accepted.

*Level of significant = 0.05*

#### Hypotheses One

**H<sub>0</sub>:** Access to funding for further studies has no relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

**H<sub>1</sub>:** Access to funding for further studies has a relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

**Correlations**

		Funding	Employee Performance
Funding	Pearson Correlation	1	.661
	Sig. (2-tailed)		.041
	N	306	306
Employee Performance	Pearson Correlation	.661	1
	Sig. (2-tailed)	.041	
	N	306	306

According to SPSS, the Pearson Product Moment Correlation Coefficient for H<sub>0</sub> is 0.661, indicating that the availability of educational funding positively correlates with the productivity of workers at Federal Polytechnic, Oko, Anambra State.

**Decision Rule:** Based on the aforementioned analysis, the probability value of 0.041 falls below the significance threshold of 0.05. Hence, the null hypothesis is rejected in favour of the alternative hypothesis, indicating a significant association between access to financing for additional studies and employee performance at Federal Polytechnic, Oko, Anambra state.



**Hypotheses Two**

**H<sub>0</sub>:** Staff training has no relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

**H<sub>1</sub>:** Staff training has a relationship with employee performance of Federal Polytechnic, Oko, Anambra state.

**Correlations**

		Staff Training	Employee Performance
Staff Training	Pearson Correlation	1	.550
	Sig. (2-tailed)		.034
	N	306	306
Employee Performance	Pearson Correlation	.550	1
	Sig. (2-tailed)	.034	
	N	306	306

According to SPSS, the Pearson Product Moment Correlation Coefficient for H<sub>2</sub> is 0.550, demonstrating a favourable relationship between staff training and employee performance at Federal Polytechnic, Oko, Anambra state.

**Decision Rule:** The probability of 0.034, as computed, is less than the significance level of 0.05, as shown above. Therefore, the null hypothesis is rejected in favour of the alternative hypothesis, which states that staff training is correlated with employee performance at Federal Polytechnic, Oko, Anambra state.

**Summary of Findings**

The following findings were made from the Analysis:

1. That access to funding for further studies has a relationship with employee performance of Federal Polytechnic, Oko, Anambra state. (P value = 0.041 < 0.05, r = 0.661).
2. That staff training has a relationship with employee performance of Federal Polytechnic, Oko, Anambra state. (P value = 0.034 < 0.05, r = 0.550).

**Conclusion**

In order to guarantee efficiency, effectiveness, and superior performance, this research finds that human capital development must be a part of organisational growth and development plans. The study's results raise the issue of what steps businesses will take to maximise the potential of their employees and hence improve their performance. The study's following section offers some suggestions in that direction.

**5.3 Recommendations**

Relative to the findings of this study, the following recommendations were suggested;

1. In order to 1) motivate employees to take use of available funding to increase their skills and knowledge, it is necessary to solve the issue of limited financial resources. While it was revealed in the course of field investigation that the processes for accessing TETFund are not transparent, enthrone transparency and accountability in the process will help to address the funding issues identified in the course of the study.
2. A management policy on staff training should be put in place in the institution in order to enhance capacity building and make the process more dynamic. Emphasis should be placed more on the acquisition of digital and ICT skills.
3. There should also be a policy on staff development with SMART – Specific, Measurable, Achievable, Realistic and Time bound - deliverables and timelines. Aside from staff promotion and appraisal purposes, intellectual output in terms of research publications should be made compulsory for academic staff as a criterion before they are allowed to teach a course each session.

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