
| RESEARCH ARTICLE**Human Capital Development as Propeller for Increased Organization Productivity.****Toheeb Akanbi Musliudeen***Human Resources Management and Business Development, University of Ibadan***Corresponding Author:** Toheeb Akanbi Musliudeen, **E-mail:** toheebakanbi3@gmail.com

| ABSTRACT

There are several existing studies that link human capital to organizational productivity, but few of them concentrate on the small business environment. Human capital development is the theme of this study, which aims to boost organizational productivity. The days of applying general principles to business operations are long gone, and any company that continues to rely on trial and error will definitely be operating at a competitive disadvantage in this constantly evolving business environment indicating that in this fiercely competitive business environment; it will be difficult for the company to survive and compete favorably. Organizations must have clear and firmly established plans and programs to help and encourage employees to acquire organizational learning capacity to increase knowledge acquisition and prevent the deterioration of the employees' skills and capacity; some special programs must be designed to train them both on the job and before the job based on their field of expertise. Therefore, in order to gain a competitive edge and improve overall organizational performance, business owners and policymakers must prioritize their organization's staff by ensuring that they are trained and developed to better fit into the current demands on how operations should be carried out. Although investing in human capital entails an initial financial cost, the benefits that follow from doing so are indisputable. Therefore, it is suggested for business owners and decision-makers to spend money on developing their human resources.

| KEYWORDS

Human Capital Development, Productivity, training

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1. Introduction

Every aspect of human endeavor, now more than ever, leaves its previous phase in the past and ushers in the present. As a result of these new phases, man has been forced to adapt, but his capacity to have the necessary skills will still determine whether or not he can survive and thrive in the new phase. The goal of this study is to determine whether or not improving organizational performance requires the development of human capital. The knowledge, skills, aptitudes, and other personal traits that people acquire via education and training have been referred to as an individual's "human capital" (Polyhart and Moliterno 2011). A further definition of human capital is the knowledge, ability, and competence that people acquire via their education and training (Severine and Lila 2009).

Despite being taken for granted by many organizations, the necessity for human capital development cannot be ignored. This is because an organization's human capital continues to be its most important resource, motivating other resources to help it achieve its objectives. According to Ichniowski, Shaw and Pdeunnshi (1997), businesses should understand that little productivity can be achieved without human capital resources.

According to Mensah (2015), an organization's human capital endowment is a crucial resource for achieving its goals and objectives. Additionally, the organization's human resources are individuals who have the capacity for growth, adaptation, innovation, and the creative drive that, when inspired appropriately, can guarantee the organization's long-term survival (Kudonno and Tsedzah (2015).

It is necessary for any organization's human capital to be examined and updated in order for it to survive and continue its operations because of the dynamic nature of the world as a whole and all of its essential components, including human capital. Hitt, Bierman and Kochhhar (2001) assert that in order to achieve growth and productivity, people inside an organization, like other assets, need to periodically have their effectiveness examined and enhanced.

1.1 Statement of Problem

There is no denying that the primary purpose of every business is to turn a profit. However, some sacrifices are worthwhile while trying to make a profit. Even though every business wants to be profitable, few realize all of the sacrifices that must be made in order to achieve the desired profit. Many employers want to be clear about the number of years of experience and necessary abilities during the hiring process. However, the quick changes in how businesses are generally run and the associated abilities needed at every stage to meet the new demand have presented issues for many firms. While it is essential to educate and develop workers to equip them.

1.2 Significant of the Study

- 1) Contribute to knowledge in general
- 2) Employers and organizations will be able to identify the necessity for investing in the growth of their human capital.

2. Literature Review

2.1 Theoretical Review

1) Human Capital Development

According to Bontis (2001), "human capital" is a conglomeration of the following four elements: genetic ancestry, education, experience, and attitudes toward life and business. Hines, 2000 describes it as the sum of the knowledge, abilities, inventiveness, and capacity of the company's individual personnel to do the task at hand. Of course, it also includes intangibles like the culture, philosophy, and values of the organization. It follows logically that an organization's human capital is increased when it educates its workforce. This does not imply that the firm will have more authority over its assets. According to Edvinsson (2007), in a free society, a business cannot own its human capital; rather, it can only rent it.

According to Ahangar (2011), "The biggest and most significant intangible asset in an organization is its human capital, which ultimately provides the goods and/or services that customers need or the solutions to their problems." The knowledge, competence, experience, abilities, and talents of all the individuals that make up an organization are included. It also encompasses an organization's capacity for innovation and creativity. Despite increased investment in human capital, there is currently no accepted metric to determine how effective it is in a company's financial sheet. The infrastructure that supports structural capital is what supports human capital. When the workers leave the factory or office at the end of the day, it is the capital that is still there. It consists of organizational skills, procedures, information, and patents.

According to Nielson, Bkhl, Johasen, and Gormen (2006), the core of the IC components is human resources capital, which includes knowledgeable employees and a management philosophy that has an impact on the productivity of the organization. According to Wikipedia, "human capital" is a term used to describe and classify people's skills and abilities as they are applied in the workplace and in other ways that benefit the economy. According to Schmidt (2004), human capital is a class of intangible assets that generates future economic value and includes organizational capacities as well as the skills of front-line employees.

According to Mustapha (2005), human capital is made up of knowledge, skills, dexterity, and personality traits that allow an individual to carry out a certain activity in an effort to produce commodities and services that are valuable

to people economically. Organizations must make concerted efforts to train their staff in order for them to keep up with the rapidly changing business environment and increase job productivity (Mustapha, 2005) in order for human capital development to be effective and efficient. To satisfy the demands of the environment, organizations must, according to the trends in technology and market economies, discover ways to develop and mobilize the intelligence, knowledge, and creative potential of their human capital.

According to John (2000), a person's innate knowledge, skills, and abilities—which come from their natural endowment, formal education, and training—make up their human capital. Udu (2014) defines human capital development as the education, skill levels, and problem-solving aptitudes that people possess and use to become productive members of society in the global economy. As it offers an institutional framework for the skill acquisition necessary for operational efficiency, Stone (2002) contends that human capital development plays a crucial role in employee job productivity. As a result, the growth of human capital greatly influences how much each person in an organization contributes to resource allocation, mobilization, and use. In order to increase employee job productivity and maintain a competitive edge, according to Hill (2001), human capital is a crucial and increasingly important aspect.

2) Productivity

Productivity, according to the Oxford Dictionary, is the ratio between the rate at which a worker, a firm, or a nation produces things and the amount produced in relation to the amount of time, labor, and money required to produce them. Utilizing human resources and technical advancement are the two main factors that affect productivity. Organizations seek greater workforce use to increase productivity since technological progress necessitates significant capital investment. Improved interpersonal relationships can boost productivity. And aside from solid interpersonal relationships, there is no easy recipe for getting things done.

Productivity, according to Onah (2010), is the connection between the production process' input of resources, both human and non-human, and output of goods and services. Productivity, or the ratio of output to input, is another way to state this. The productivity increases with the ratio's numerical value, which rises as it does. Productivity is thus applicable at all levels, whether for individuals, work units, or organizations. An evaluation of the relationship between inputs and outputs is productivity. Resources such as labor, capital, labor hours, time, and physical inputs are examples of inputs.

The benefits of improved staff productivity in public enterprises, which include increased incomes, profits, and earnings, as well as increased supply of consumer and capital goods at lower costs and lower prices, cannot be overstated. Ultimately, shorter workdays and better living and working environments strengthen the workers' overall economic foundation (Nwachukwu, 1988).

Productivity is the foundation of every organization, and its significance cannot be overstated. Because productivity is the fundamental reason that every organization exists, it is the goal of every organization to be productive. Many firms engage in ongoing reorganization in an effort to achieve or boost productivity. This is consistent with Simon's (1957) observation that "the issue of productivity has been instrumental to most repositioning exercises that go on from time to time in many organizations," which was made with good reason. In reality, productivity has frequently emerged as the most important, divisive, and analytical problem in all businesses, whether they are public or private.

3) Development and Training

Businesses that recognize the value of training have been forced to prioritize it due to the wider business world's constant change. This is due to the fact that businesses must recognize the importance of employee training and the subsequent impact it can have on their bottom line, regardless of the initial costs associated with the training, in order to remain in operation and be profitable. Odhong and Omolo (2015) claim that Culture, engagement, and retention have become key concerns for business executives in an era of increased corporate transparency, increased labor mobility, and critical skill shortages. Training is a significant investment in employees that helps them improve their problem-solving skills and capacities at work (Smith 2010).

Despite unsustainable patterns of development around the world, human resource development functions are more focused on employee training and development as a key to sustainable organizations as a result of increased environmental degradation and global warming % (Olusanya 2013)]. According to the research, improving skills has direct benefits on growth that are linked to more strongly participating in the labor force and having more employable people.

Furthermore, even the best equipment won't be able to change an organization and enhance performance on its own. It simply takes the individuals within the business who possess the necessary skills to alter it, utilize the equipment at hand, and ultimately boost performance.

Therefore, improved competitive advantage and increased organizational performance are states of affairs when the organization has effectively utilized its resources. Without enough human capital, the aforementioned cannot be accomplished. According to Jardon and Gonzalez (2013), an organization's source of competitive advantage is its human capital, which is associated with value, rarity, inimitable qualities, and non-substitutability.

3. Conclusion & Recommendation

3.1 Conclusion

Business failure is a possibility due to how complex and dynamic the business environment is. Without a doubt, a large number of enterprises fail frequently, and a large number of others operate simply on par with no distinct competitive advantage. The aforementioned business failure and average operating scenarios are not related to the complicated and dynamic character of the business environment but rather, in large part, to the failure of business owners and business policymakers to grow their human capital to correspond with the changing environment. They can accomplish this by providing members of the company with training that adheres to modern standards.

The fact that, on the one hand, the cost implications are given so much attention while the resulting value is given little to no attention is a problem that is apparent among many business owners and corporate policymakers who choose not to engage in the development of their human capital. However, many business owners and decision-makers erroneously believe that the tried-and-true techniques of conducting business will work in these ever-changing and contemporary circumstances.

Hitt, Bierman and Kochhher (2001) assert that learning has developed into a crucial component of social responsibility as well as sustainability in businesses that place a focus on managing renewable resources, cutting waste and pollution, using solar energy, and investing in mending the harm done to mother earth. According to Hami, Muhammad and Ebrahim (2008), training is a significant investment in employees that develops their skills and talents in resolving workplace issues. The action of empowering and growing employees is bound to increase their motivation and adaptability to organizational dynamics and changes.

3.2 Recommendations

1) Organizations should prioritize the development of their human capital by including it in their annual budget because learning is a regular activity. According to Gess and Picken (2006), the idea of human capital is understood to include a person's knowledge, abilities, skills, and experience, as well as their capacity for personal growth in these areas.

2) Businesses should recognize that investing in their human resources will have a multiplier effect on their operations, and they shouldn't think that costs are the only thing that affects their bottom line.

3) While the organization makes significant efforts to enhance its human capital, its members must utilize the training and benefit from it. This is because the knowledge learned will be able to change the person's career path and prospects outside of positioning the organization members to better boost the organization's performance.

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