

**HUMAN CAPITAL MANAGEMENT AS A CATALYST FOR
SUSTAINABLE ECONOMIC DEVELOPMENT**

Being a Paper Presented

By

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HUMAN CAPITAL MANAGEMENT AS A CATALYST FOR SUSTAINABLE ECONOMIC DEVELOPMENT

Abstract

Human Capital Management (HCM) is an act of managing organisations' employees towards the attainment of the set goals and objectives. The study examined the role of Human Resources Department (HRD) in enhancing employees' performance in some selected organisations in Ogun State, Nigeria. In carrying out the study, three (3) research questions were formulated from which the instrument used was developed. A total number of three hundred (300) respondents were selected using simple random sampling technique. Also three hundred copies of the questionnaire were produced and administered on the selected respondents. However, two hundred and eighty four (284) copies of questionnaire were filled and returned. The data gathered were analyzed using mean method. The study concluded that for any organisation to achieve its goal and make meaningful contributions to economic development, its human resources play significant role. It was recommended that organisations should engage the services of human capital management experts in order to achieve their corporate objectives.

Keywords: Human Capital Management (HCM), Catalyst, Sustainable, Economic, Development

Introduction

The development of any nation depends greatly on the contributions of her workforce to the growth of her economy. The attributes of sustainable economic development of a nation may be jeopardized by the inadequacy of her workforce since lack of virile human capital management policy of a nation may lead to her GDP to dwindle due to inexpertise of her entire labour force. Brainly (2018) highlighted that sustainable economic development of a nation must be the development which does not cause overuse of resources, at the same time replenishing the existing resources. Furthermore, sustainable development is essential for economic growth because it means 'development should take place without damaging the environment, and development in the present should not compromise with the needs of the future generations.' Preservation of resources determines the economic activities of a nation hence, promotes growth. In other words, employees are as important to the survival of organisations as blood is important to the human body.

According to Prachi (2018), no organization survives if there are no employees who contribute their quota to its success and productivity since employees spend the maximum part of their day in offices and strive hard to achieve the goals and objectives of the organisation which in effect contribute positively to the sustainable economic development of a Nation. He believed that Human Capital is very vital in increasing the productivity and output of an organisation since it acts as a catalyst to increase productivity in organizations. It is the collective stock of skills, attributes, knowledge and expertise which further play an integral role in increasing the productivity of an organisation.

Afiouni (2013) cited Snell and Dean (1992) remarked that human capital is Employees' knowledge, skills and capabilities that are of economic value to organisations. He concluded that human capital is employee's knowledge, skills and abilities (KSA). Mayo (2000) asserted that human capital is a capability, knowledge, skill, experience, and networking, with the ability to achieve results and the potential for growth. Walker (2001) supported Mayo that it is the set of skills, knowledge, and capabilities organisations need to succeed in the new knowledge and technology economy.

According to Santos-Rodrigues, Dorrego and Jardon (2010), human capital is the value of the knowledge and talent embodied in the people who make up the organisation. It represents the knowledge, talent, competence, attitude, intellectual agility and creativity. Organisation for Economic Cooperation and Development (2001) supported the assertion that it is the knowledge, skills, competences and other attributes embodied in individuals that facilitate the creation of personal, social and economic well-being. Also, Guthrie (2005) asserted that it is the combination of factors possessed by individuals and the collective workforce of a firm which encompassed knowledge, skills and technical ability; personal traits such as intelligence, energy, attitude, reliability, commitment; ability to learn, including aptitude, imagination and creativity; desire to share information, participate in a team and focus on the goals of the organization. In their submission, Gates and Langevin (2010) said that human capital referred to the knowledge, competencies, experience, and creativity of the workforce as well as their attitudes and motivation. Furthermore, they said that by structuring the management and sharing of this knowledge, the organisation can develop key competencies that are difficult to imitate, and thereby gain a sustainable competitive advantage.

Prachi (2018) asserted that the key objective of every organization should be to train its employees so that they become efficient resources later on. He said further that Capital acts as a catalyst to increase productivity in organizations. Therefore, Chatzkel (2004) asserted Human Capital Management (HCM) as an integrated effort to manage and develop human capabilities to achieve significantly higher levels of performance. Kearns (2005) said HCM is the total development of human potential expressed as organisational value. Prachi (2018) also remarked that in human capital management, organizations treat their employees as important resources that play an instrumental role in productivity of the organization. According to Him, human capital management refers to managing an organization employees' for them to contribute significantly in the overall productivity of organization and in layman's language managing the workforce of an organization. In simpler words, upgrading the existing skills of an employee and extracting the best out of him/her.

Afiouni (2013) highlighted that human capital management framework comprised of knowledge management, change management, strategic human resource management (Strategic HRM), human resource development (HRD) and human resource metrics (HR metrics). These are further explained as:

- (i) Knowledge Management (Cognitive component): Developing critical KSAs (knowledge, skills and abilities). Change Management (Behavioural component): Developing positive behaviours and attitudes towards using acquired KSAs.
- (ii) Strategic HRM (Fit component): Aligning KSAs and behaviours with corporate objectives and strategies.
- (iii) HRD (Flexibility component): Ensuring continuous learning and adaptability to different business strategies.
- (iv) HR metrics (Measurement component): Ensuring control mechanisms and HC (human capital) contribution to value creation.

Furthermore, he remarked that when the five dimensions of the HCM framework are properly applied, human capital management will become a source of sustainable competitive advantage.

Satyendra (2016) believed that development and management of individuals in line with their key responsibility areas not only make them an indispensable resource in the future but also ensure their hundred percent contributions towards the organization. According to him, Human Resources Development (HRD) is planned and systematic framework for helping resources develop their personal and organization skills, knowledge and abilities for current and future business requirement. It plays a vital role in career development of the resources and the maturity of any organization can be measured through the top talent retention and succession plans charted out by the HRD function.

Statement of the Problem

One cannot ignore the fact that manpower is the most important asset of any organisation. With the advancement in technology and automation, the need for physical labour is drastically reducing. However, human capital (employees) cannot be completely replaced. In order to exercise its smooth function, human capital management is essential in every organization, irrespective of its nature and size. This is because it has more to do with how organizations develop employees' personal and organizational skills, knowledge and abilities for their current and future needs. Meanwhile, a virile work force is needed for sustainable economic development to ensure timely growth and development of every individual concerned to contribute efficiently when required.

The study therefore identified what human capital management is, investigated the extent human capital management enhanced the job performance of employees in an organization and determined how human capital management served as catalyst for sustainable economic development of Nigeria.

Objective

The main objective of this study was to examine the role Human Capital Management played in acting as catalyst to increase productivity in organisations for sustainable economic development of Nigeria. It is also expected that the study would broaden the knowledge of human capital managers in organisations on the need to hire the right candidate for the right role, design a strong induction programme for all the new entrants and upgrade the existing skills of employees to extract the best out of them.

Research Questions

1. What is human capital management?
2. To what extent does human capital management enhance the job performance of employees in an organization?
3. How does human capital management serve as a catalyst for sustainable economic development?

Methodology

The population used for the study comprised all Human Capital/Human Resources Personnel who had been involved in managing Human Resources Developments in organisations in Ogun West Senatorial District which is being referred to as the Industrial hub of the Nation. A total number of three hundred (300) respondents were randomly selected for the study. The selection took place in Ten (10) organisations in the District. Questionnaire was the main instrument used to gather data for the study. The instrument was validated by experts in Human Resources/Capital Management. The instrument consists of sixteen-question item seeking information on how human capital management serves as a catalyst for sustainable economic development of the nation. (Respondents were asked to choose one out of the four options (Strongly Agree, Agree, Disagree and Strongly Disagree) provided for each item of the questionnaire.

For the purpose of analysis, values were assigned to the four options provided in the instrument as follows: Strongly Agree = 4 marks; Agree = 3 marks; Disagree = 2 marks and Strongly Disagree = 1 mark. Mean method of analysis was used to analyse the data collected.

Three hundred (300) copies of questionnaire were administered by the researcher on the selected respondents used for the study. However, two hundred and eighty four (284) copies of questionnaire were retrieved by the researcher out of the number administered. The data collected for the study were analysed using Mean method. A minimum of 2.5 score was set as standard for acceptability or otherwise. Any research question scored below the set standard was rejected.

Result

Questionnaire Items	SA	A	D	SD	Total	Mean	Remarks
R1. What is Human Capital Management?							
1. Managing the workforce of an organisation.	227	57	-	-	284	3.80	Accepted
2. Managing organizations' employees toward overall productivity.	284	-	-	-	284	4.0	Accepted
3. Managing employees' knowledge.	185	99	-	-	284	3.65	Accepted
4. Managing employees' skills.	198	86	-	-	284	3.70	Accepted
5. Managing employees' capabilities to be of economic value.	213	114	-	-	284	3.75	Accepted
6. Upgrading employees' existing skills.	170	114	-	-	284	3.60	Accepted
7. Extracting the best out of employees.	159	125	-	-	284	3.56	Accepted
R2. To what extent does Human Capital Management enhance the job performance of employees in an organization?							
8. Increased productivity.	171	113	-	-	284	3.60	Accepted
9. Higher employee morale.	86	198	-	-	284	3.30	Accepted
10. Less supervision.	99	185	-	-	284	3.35	Accepted
11. Upgrade their skills for effective job performance.	176	65	43	-	284	3.47	Accepted
R3. How does Human Capital Management serve as a catalyst for Sustainable economic development?							
12. It increases organisational productivity.	157	99	28	-	284	3.45	Accepted
13. It enhances organisational stability.	156	128	-	-	284	3.55	Accepted
14. It improves the skills and ability of employees.	258	26	-	-	284	3.90	Accepted
15. Generate employment opportunities.	119	128	37	-	284	3.29	Accepted
16. Job security is guaranteed.	68	91	125	-	284	2.78	Accepted

Field Survey, 2018

Discussion

Items One to Seven were used to gather data on the research question one. The results revealed 3.80, 4.0, 3.65, 3.70, 5.75, 3.60 and 3.56 respectfully. This indicates that the result was accepted by the respondents. They were of the opinion that human capital management manages employees' knowledge, skills and capabilities to be of economic value toward the organisations' overall productivity. Also, the majority agreed that human capital management upgrades employees existing skills to extract their best abilities. This is in consonance with Prachi (2018) that every employee tries his level best to sharpen his/her skills during his stint with the organization and acquire some set of skills through his experience, exposure, trainings and so on which further increase his/her productivity eventually benefitting the organisation. The knowledge and expertise which employees develop in due course of time further increases the productivity of organisations. Therefore, human capital management manages the collective

stock of skills, attributes, knowledge, and expertise of employees which further plays an integral role in increasing the productivity of the organization.

Questions Eight to Eleven were used to gather data on the research question two. The results shown were 3.60, 3.30, 3.35 and 3.47 respectively. This is an indication that the respondents accepted the research question. Majority of them believed that Human Capital Management activities in organisations are capable of enhancing employees' performance towards increased in productivity, higher employee morale, less supervision and effective job performance. This corroborates the view of Santos-Rodrigues et al. (2010) that HCM framework shows that competitive advantage can be created through people, if managers link their action plans to their employees and organisational outcomes. In fact, a group of highly motivated and capable employees represents a firm-specific, rare, and inimitable resource and ingredient of competitive advantage. It is the managers' responsibility to encourage their employees and motivate them to manage their knowledge and capacities in a way that is in line with the firm's objectives to contribute to organisational gains.

Questions Twelve to Sixteen were used to gather data on the research question. The results revealed 3.45, 3.55, 3.90, 3.29 and 2.78 respectfully which stated that the research question was accepted. The respondents agreed that Human Capital Management serves as a catalyst for sustainable economic development and that HCM as a framework is suitable in increasing organisational productivity, enhancing organisational stability, improving the skills and employees' capabilities toward performance. Also, it helps in generating employment opportunities and ensures employees' job security since their knowledge is updated from time to time. By being highly productive, Merritt (2007) believed that HCM provides decision support by combining business and workforce intelligence to the development of enterprise human capital strategies: how to leverage people and their ideas effectively to achieve bottom-line business goals such as growing the business, increasing market share, margins, share price, and decreasing costs, as well as improving business processes, benefiting from technology investments, and increasing productivity.

Conclusion

In business organisations today, the prevalence of Human Capital Management is set to increase as organisations become more focused on managing human capital through the acquired knowledge, skills, competencies, abilities and employees' capabilities of economic value; all of which entails management of people as a contributor to shareholder value. In support of the above assertion, Afiouni (2013) corroborates that Economists have long known that people are an important part of the wealth of nations.

Based on the analysis made and the inferences deduced from the study, it was concluded that human capital management plays a crucial role on employees' performance in increasing the productivity and output of organisations towards the sustainable economic development of a nation. The strategies used by HCM experts is becoming increasingly important in promoting organisations' sustainable competitive advantage thereby both the creation and management of human capital contribute to organisations' wealth which in effect serves as a catalyst for sustainable economic development of the Nation.

Recommendations

For Human Capital Management to serve as a catalyst for sustainable economic development of a Nation, the following are the recommendations based on the findings of the study that:

- Management should set up Human Capital Management Department to manage employees towards achieving the goals and objectives of their organisations.
- Employees are the lifeline of organisations, therefore every organisation should invest its money and resources in Human Resources Development (HRD) to train new employees who will in turn work hard, upgrade their existing knowledge and contribute in their own way to increase their organisations' productivity.
- Management should hire the right talent for the right job; provide excellent working conditions so as to retain the best hands to have sustainable competitive advantage over their competitors.
- Employees' job should be designed in line with their education, skills, expertise and experience. Also, they have to be given orientation into the organization to know what is expected of them.
- Organisations should embrace new and innovative ideas by instituting regular employees' career development plan to upgrade employees' existing skills and extract the best out of them for the organisations' future growth.

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Instruction: Please, tick () at the appropriate answers to the questions asked below:

Part A: Personal Data of Respondent

Gender: Male () Female ()

Marital Status: Single () Married ()

Age: 20 – 25 years () 26 – 40 years () 40 years and above ()

Qualification: HND/B.Sc () M.Sc () Ph.D ()

Work Experience: 1 – 10 years () 11 – 24 years () 25 years and above ()

Part B: Related Items on the Study

Questionnaire Items	SA	A	D	SD
R1. What is Human Capital Management?				
1. Managing the workforce of an organization.				
2. Managing organizations' employees toward overall productivity.				
3. Managing employees' knowledge.				
4. Managing employees' skills.				
5. Managing employees' capabilities to be of economic value.				
6. Upgrading employees' existing skills.				
7. Extracting the best out of employees.				
R2. To what extent does Human Capital Management enhance the job performance of employees in an organization?				
8. Increased productivity.				
9. Higher employee morale.				
10. Less supervision.				
11. Upgrade their skills for effective job performance.				
R3. How does Human Capital Management serve as a catalyst for Sustainable economic development?				
12. It increases organisational productivity.				
13. It enhances organisational stability.				
14. It improves the skills and ability of employees.				
15. Generate employment opportunities.				
16. Job security is guaranteed.				

N.B. SA = Strongly Agree, A = Agree, D = Disagree and SD = Strongly Disagree respectively.

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Abstract

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Department of Office Technology and Management,
The Federal Polytechnic,
Iloro.

20th December, 2018

The Bursar,
Federal Polytechnic,
Iloro.

Dear Sir,

RE: APPROVAL TO ATTEND CONFERENCE BY TETFUND

The letter of approval **Ref. AD/R/57C/XIV/38** dated **20th December, 2018** from the Secretary;
Staff Development Committee on the above subject matter refers.

Please find below my account details as requested:

Account Name: Isaac Akindele Jolaade

Account Number: 0012387345

Bank: Union Bank Plc, Ilaro Branch

Thanks.

Yours faithfully,

I. A. JOLAADE
08029580853

Office Technology and Management Department,
The Federal Polytechnic,
Iloro.

1st July, 2019

The Chairman,
Staff Development Committee,
Federal Polytechnic,
Iloro.

Dear Sir,

**EVIDENCE OF PARTICIPATION AT THE FIRST INTERNATIONAL CONFERENCE
HELD AT UNIVERSITY OF LAGOS**

I hereby notify you of my participation at the **First International Conference held at the Faculty of Management Sciences, University of Lagos** between 8th and 10th of May, 2019.

Please, be informed that the Conference was initially slated for December, 2018 but due to nationwide ASUU strike; it was rescheduled for May 2019 after the nationwide strike was suspended.

Enclosed herewith are the photocopies of the Certificate issued and other relevant documents for your record purposes.

Thank you.

Yours faithfully,

I. A. JOLADE