HUMAN CAPITAL DEVELOPMENT AND ORGANIZATIONAL SURVIVAL: A THEORETICAL REVIEW

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ABSTRACT

Effective human capital development is a major prerequisite to equip employees to acquire relevant new ideas, competencies and adapt to a changing market, and effectively drive organizational competitive advantage in order to achieve the survival goals. This paper theoretically examines the relationship between human capital development and organizational survival. It notes that human capital development is essential to equip the employees towards taking the organization to its expected destination. The paper concludes that by developing employee’s human capital, an organization improves her performance, productivity and innovative abilities which are essential for survival. In addition, human capital developments tend to turn human resources into more tangible assets, as well as help match up the employees to strategic organization needs. It is recommended that organizations should invest in the various aspect of human capital development as it helps firms to attain greater performance and to remain competitive for their long-term survival. Business firms should cultivate high human capital development practices as human capital development drives employee’s loyalty, commitment and a sense of employee’s feeling of obligation toward the organization. Additionally, organizations should make human capital development an important aspect of their corporate strategic plan to upgrade their employees skills, enhance their conceptual knowledge, and broadens their understanding of the organizations total business objectives and values.

Contribution/Originality: This study contributed new knowledge to the existing literature of management. Utilizing a theoretical approach, it investigated the impact of human capital development on organizational survival. The paper's primary contribution is finding that human capital development activities are vital for organizational survival and effectiveness, and in driving organizational competitive advantage.

1. INTRODUCTION

In today’s business environment where competition is so fierce and change is fast, where technology can be short-lived and where customers demand more quality products and services at lower price, the survival, growth and effectiveness of organizations have become major causes of concern and tasks which management of organizations are striving hard to achieve. Organizations are now placing greater emphasis on developing their employees as employees are now seen as the life blood of organizations (Obiekwe, 2012) as well as tools in moving organization from where they are at present to where they want to be in the future (Nwaeke and Obiekwe, 2017).
Olufemi (2009) has noted that human elements constitute a major factor to organizational survival especially in today’s environment where all provide almost the same products and services. This is because machines will rust away if there are no qualified and capable employees to use and maintain them.

The success or otherwise of any organization therefore depend to a large extent on employees effectiveness which depends on the quality of the human capital available in the employees. It follows therefore that successful performance of duties and meaningful contribution of employees to the success of an organization goals demand the acquisition of relevant skills and knowledge (Ojo and Olaniyan, 2008) which is possible through effective human capital development. Employee development is today generally accepted as fundamental to the improvement end of organizational effectiveness, efficiency, improved performance and innovativeness, which are effective contributions to organizational survival (Nwachukwu, 2000).

The importance of human capital development in an organization can never be over emphasized. Nwachukwu (2000) stated that technological development and innovations taking place every day has renders today’s skills and method ineffective for tomorrow’s activities. Managements must therefore, help their employees to acquire relevant skills and confidences necessary to help their organizations survive, grow and acquire competitive edge over competitors. Josan (2013) pointed out that human capital may determine both the added value created in the economy through direct participation in the production process, or growth rate through it innovative capacity. This of course is possible with developed human capitals.

Ofoegbuahnam and Okorafo (2010) asserts that human capital development has become a critical index of competition among business organizations that such development has helped in designing the strategic plan of business organization. Josan (2013) supported this by stating that, the human capital held by employees in an organization are those resources that can contribute to competitiveness and high productivity if management will know how to train an recapitalize the resources by putting them in a favourable internal context of the organization.

Human capital development has been found to correlate positively with organizational survival (Obiekwe, 2012) improve corporate performance (Ndu, 2009) corporate effectiveness (Olufemi, 2009) among other organizational positive outcomes. It implies then therefore, that only employees with relevant skills, values and uniqueness are qualified as human capital.

Generally, human capital development is the process that relates to the development activities which an organization undertakes to equip and improves the skills, talent, competencies, knowledge and creative abilities of it workers. It also consists of all activities undertaken by an individual to develop his skills, competencies, abilities, knowledge and expertise to effectively handle work tasks. The developments of human capital are therefore vital. According to Tim and Brinkerhoff (2008) Human capacity has become a critical index of competition in the world of business to the extent that the development of such capacities through training has become top priority in designing the strategic plan of business organizations. No doubt, organizations are recognizing the importance of investing in their employees now more than ever before. Organizations are beginning to understand that to survive and achieve their goals in the present global business environment; they need to place more emphasis on training and development of their workforce.

Organizational survival refers to the ability or state of continuing to live or exist often despite difficulties, challenges or danger. In other words, survival could be viewed as non failure. An organization fails when it cannot withstand the challenges or threat posed by its competitions or its environments.

This paper takes a theoretical incursion into the examination of the relationship between human capital development and organizational survival. Valuable recommendations were also offered.
2. LITERATURE REVIEW

2.1. Concept of Human Capital

Different authors have given different definitions for human capital. Human capital is the knowledge, skills and abilities residing with and utilized by individuals (Schultz, 1961). According to Roos et al. (1998) human capital refers to competence, attitudes and intellectual agility of individual employees. These skills, abilities, competencies and intellectual dexterities are owned by the employees within organizations, and not owned by the organization (Lynn, 2002). Human capital consists of the intangible resources that employees provide for their employers. It represents the innate abilities, behaviours as well as the personal energy which employees choose to bring to work. Hence it represents the key element in improving a firm assets and employees in order to increase productivity as well as sustain competitive advantage. Josan (2013) contend that only employees possessing values and uniqueness are qualified as human capital. In other words, human capitals are the values and uniqueness that individuals employees posses. This view corroborate with the view of Piazza-Georgi (2002) who defined human capital as the stock of personal skills that an economic agent has at his disposal for use, as well as physical capital.

Obiekwe (2012) further contends that people who posses’ high level skills and knowledge generate new ideas and techniques that can be embodied in work operations and services delivery to increases a company’s effectiveness. Amah (2014) posits that organizations are on the look out for employees with adequate skills and competencies to serve as vital tools for organizations effectiveness. This is because the qualities of employees with care skills are the fountain source for a firm’s competency and profits (Josan, 2013).

According to Hai-Ming and Ku-Jun (2003) human capital represent a company’s investment made in talents and technologies to benefit competitive advantage. According, to them, this investment is valuable and unique, and should therefore be kept out of reach of other firms. From all the definitions cited above, human capital represent all skills, knowledge, competencies and attributed embodied in an individual that can facilitate the creation of personal, social and economic well-being (Organization for Economic Co-operation and Development (OECD), 2001). Thus, the competencies, skills, knowledge and abilities of an employees are an employee human capital and the right utilization by the organizations which such an employee work for, as well as the rightful and purposeful application by the employees help to increase the company’s productivity, profitability and innovativeness (Hill and Rothaermel, 2003).

2.2. Human Capital Development Defined

Human capital development is generally seen as fundamental to the improvement and of organizational effectiveness, efficiency and performance, and therefore, is a major challenge of management and leadership. Human capital development refers to all effort put in place to make an individual acquire all necessary skills, competencies, knowledge and attitudes that is capable of making such person develop technical, relational and conceptual abilities that will him successfully carry out assigned tasks and responsibilities human capital development are today been utilized by organizations as a prelude to gain competitive edge over rivals, and for other positive organizational outcomes. Marimuthu et al. (2009) notes that “firms seek to optimize their workforce not only to achieve business goals but most importantly for a long term survival and sustainability. Moreover, sustained human capital development results to increase productivity, profitability and long term competitiveness (Oforegbunam and Okorafor, 2010; Josan, 2013). The aim of human capital development is to transform employees into a more tangible asset, and to match them to organizations strategic needs.

2.3. Benefits of Human Capital Development

Human capital developments benefit both individual employees and organizations. For organizations, it makes organizations to be more creative and innovative for long term survival in their global and international markets.
(Grossman, 2000) contributes to organizational competencies, which fuels innovativeness and increase firms performance (Ndu, 2009); (Noe et al., 2003).

Human capital developments also enhances organizational survival, effectiveness and creation of New Knowledge (Cohen, 1983; Olufemi, 2009; Obiekwe, 2012) and higher organizational commitment (Iles et al., 1990). According to McConnelli (2004) organizations that values human resources management view training as a development method to increase long–term productivity, and solution to various organizational problems. It also allow management to maintain a stock of workforce that leaves the organization, as well as help workers cope with newly developed technology (Nel et al., 2004) and reduce cost and reputation damage for organizations (Frost et al., 2000).

On the individual employee level, human capital development help an individual to acquire the necessary skills knowledge, competencies and attitudes that will help him success in any Job tasks. It will also improve the quality of an individual human capital to assist individual performance to impact positively on individual and organizations productivity, both at moment and in future. In addition, it lead to higher employee’s flexibility and adaptability, and enhancement of individual competencies (Marimuthu et al., 2009).

Obiekwe (2012) assert that human capital development increase a person’s knowledge and creative abilities, it easily make individuals to be more innovative and make them question existing knowledge and tries to create solutions based on their skills and knowledge to challenges around the individual. Brum (2007) Contend that when business environments change quickly and abruptly, only firms with best trained employees can adapt and adjust most efficiently. Moreover, Human Capital development can result to greater productivity for an individual based on his acquired skills and competencies, and thus most likely to result to high salaries and status in an organizations and society for the individual.

2.4. Methods of Human Capital Development

There are different methods in which human capital can be developed. However, since this paper is generally concerned with organizational survival, this paper focused on methods of human capital development in organizations. Development of human resources and their capital are meant to either improve performance on the present job of the individual, train new skills for new job or position in the future and the general growth of both individuals and organizations to meet their future objectives.

Different methods are usually applicable to managers and professionals and others to operative employees. Nwaeke and Obiekwe (2017) note that method used in development is often a matter of convenience, intensity required, and the operating policy of the organization as literature has shown different methods of human capital development. Olufemi (2009) identifies training and development, new learning paradigm, leadership roles and talent management. Obiekwe (2012) noted training and development, and mentoring as two major methods of human capital development. In the view of Fryer (1990) coaching, learning from experience, lectures, role-playing and audio visual aids remain the major methods of human capital development. Other methods include; on the job training/coaching, induction/orientation, apprenticeship, demonstration, understudy, job rotation, self development/self-assessment and mentoring (Nwachukwu, 2006; Olaniyan and Ojo, 2008).

2.5. Training and Human Capital Development

Training and development of employees is considered very crucial to human capital development. Training and development is aimed at developing competencies; such as technical, human, conceptual and organizational growth (Oribabor, 2000). According to Nwaeke and Obiekwe (2017) the success and prosperous future of any organizations is a function of the skills, knowledge, abilities and competencies of the employees. This is possible depending on the level of training and development received by the employees. They argue that training and development not only improve employee’s resourcefulness, but also make him more competent and productive.
Training refers to activity design to help individual gain knowledge and specific skills in order to help them perform some designated tasks and functions, or to help them update the skills and knowledge already acquired (Nwaeke and Obiekwe, 2017). It represents and includes all activities undertaking to expose an employee to perform additional duties and assume positions of importance in an organizational hierarchy (Nwachukwu, 2006). According to Kum et al. (2014) training and development as a method of human capital development often encourages growth within the worker and the organization itself, as well as raises employee commitment which is essential for organizational effectiveness that drives survival.

Lock (1988) opine in this line that the best way for organizations to develop their employees in order to enhance their motivation, commitment and job involvement in order to ensure performance and survival is to provide employees with effective training programe like job rotation, as it is carried out at trainees own place of working same methods, materials and procedures that will continued to be use, subsequent to the training on their actual jobs. Beatty et al. (1987) contend that this is an excellent way to develop employees, managers and executives by organizations. Generally, the acquisition of the skills, knowledge and competencies required to perform a task, but means of teachings received.

2.6. Benefits of Training and Employee Development

There are numerous benefit gained by employees and executed employee training and development programmes. Imeh (2001) identifies several benefits of training and development programme. These include reduction in number reduction in the amount of labour wasted, increase in the level of productivity and satisfaction, increase in operational efficiency and improvement in product/service quality. Lewis (1996) note that training and development is vital and main reason behind high performance, lead to efficiency, Garavan (1997) increase in productivity, quality of work as well as improvement in skills, attitudes, knowledge, and enhancement of new policies and regulations (OECD, 2001; Colombo, 2008).

Cole (2002) identifies high morale, lower cost of production, change management, improvement of quality of staff, provision of recognition, enhanced responsibility and the possibility of increase pay and promotion for workers. Nel et al. (2004) note the benefits of training and development on firm productivity as; increase success of quality projects, reduction of project failures and defects, reduction of staff turnover, minimal supervision needs, greater ability to carry out assigned tasks, embracement of change in employee behaviour. Training thus help in optimum utilization, and development of human resources, and their skills, which translate to organizations competitive advantage in the game of business. Therefore, employee’s skill and competencies which are necessary for accomplishment of job tasks and achievement of business goals and objectives are only possible through employee’s training and development.

Training and development also limits organizational liabilities (Kum et al., 2014) and reduces negative organizational outcomes such as, wastage, accidents, turnover, lateness, absenteeism, increase overhead costs and obsolesces in skills, method, capital management among other (OECD, 2001; Nwachukwu, 2006). Brum (2007) noted that training results to increase in worker output and productivity, and higher wages and opportunities for career development for the worker. According to Wright and Geroy (2001) employee competencies change through effective training programs. It improves employees overall performance and also enhances the knowledge, skills and attitude of the workers necessary to contribute to superior organizational performance. Training programs that are consistent with employee and organizational goals and needs and fit with the business strategy will meet with greater success than those that are not.

2.7. Mentoring as a Method of Human Capital Development

To face the challenges associated with increasing market demands and pressures, changing work processes, and loss of organizations real wisdom occasioned by retirement of skilled, competent and knowledge personnel,
mentoring has become an important organizational tool to bridge the need for over necessary human capital development method by many authors (Nwachukwu, 2006; Obiekwe, 2012). Mentoring refers to a relationship between a young person and an adult in which the adult provides the young person with support as he faces difficult periods, faces new challenges or correct earlier problems. Emecheta (2007) Mentors teach, guide, help assist, counsel and inspire their protégé. The activities of a mentor revolve around counseling, teaching on the job, protecting, challenging, and helping the protégés, and endorsement of activities, friendship and demonstration of trust.

Mentoring activities speeds up socialization in the workplace, encourage mentees social interactions and provide opportunities for quality interpersonal interactions, as well as improve employee’s commitment to their organizations. The aim of corporate mentoring relationship is to help in fulfillment of specific set of organizational functions and goals. It also develop part of organizations planned effort to bring together successful senior employees with less experienced ones, and in grooming experienced incumbent for advancement in the organization (Emecheta, 2007). Although mentoring is a vital human capital development strategy, many mentoring programe end up without achieving its objectives. Obiekwe (2012) note that designing appropriate planned mentoring programmes to meet organizations objectives is not easy.

Ndu (2009) point out unrealistic objectives, flawed designed programmes, geographic constraint (mentor and protégé in different offices and locations), lip service, inadequate resources, and inability to train participants and others on mentoring are major challenges of mentoring programmes in Nigerian organization. Obiekwe (2012) note that organizational structure or barriers, inadequate time, failure to anticipated and plan for problems as well as not making bosses part of the programmes also contribute to failures of mentoring programmes in organizations. Moreover, employees who does not understand the importance place of the programme may not value it, and as a result, may not cooperate or yield to their bosses or those that where assigned to mentor them.

2.8. Concept of Organizational Survival

Organizational survival can be defined as an organizational ability or state of continuing to live or exist, often despite difficulty, challenges or dangers. Organizational survival has many connotations—both subjective and objective. The most objective way to measure survival in organizations is to observe their continuing existence. This is problematic given the nature of mergers and acquisitions (Delacroix and Carroll, 1983). An organization is seen as have survies as long as it “acquires inputs from suppliers and provides output to a given public (customers, clients etc). The organization is seen as a failed one when coalitions of its resource providers cannot be induced to supply resources and the firm cannot repay resource providers for past support (Sheppard, 1989).

Generally, a firm is considered to have failed once it has entered bankruptcy proceedings (Moulton, 1988). In order words, the firm has failed to return investors’ and creditors’ capital in the agreed manner to provide workers with Job security, to provide states with tax revenues, etc. So, for the purposes of this study survival is simply non-failure that is, non-bankruptcy, of an existing organization. Therefore survival can be seen or viewed as non-failure. Indices of organizational survival include profitability, innovativeness, growth, liquidity, and adaptability.

Organizational failure is also considered as closing down operation as a result of failure in meeting the financial responsibility towards the customers, employee, and providers of financial resources due to insolvency. It can also occur when an organization filed for liquidation or bankruptcy since such a filling abrogate the agreement between a firm and its stakeholders and serves to recognize the firm’s failure, and as a result of not meeting the financial condition of the regulatory agency. Any type of organization, whether in manufacturing, banking, exploration, among others, may be taken over by the regulating government agency if shareholders equity (i.e. capital ratios) is below the regulatory minimum. Example of such bodies in Nigeria is the Asset Management Corporation of Nigeria (AMCON), a body established by the Act of the National Assembly of Nigeria in July 2010.

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2.9. Relationship between Human Capital Development and Organizational Survival

Survival in today's business environment demand innovation, creativity and improve in performances. Such is the overwhelming challenges facing today's business managers. To compete successfully and to be productive, one must be able to survive first, especially in our fast changing chaotic world of global competition. Robbins and Coulter (2007) assert that when an organization develop the employees, the employees develop self confidence, persistence, energy and a tendency toward risk taking, as they challenge existing knowledge and tries to create new products and services through the knowledge and experience they have acquired from their development programmes. These helps organizations to increase their innovativeness and creative abilities, thus increases an organizations chance of survival. This level of innovativeness and creativity is only possible when the human capital content of the employees has been properly developed.

When employees human capital are developed, the employees begin to think outside the box and start questioning premises behind the prevailing knowledge within the organization, and this broaden the problem solving ability, leading to likelihood of transforming existing knowledge within the organizations. This innovative ability thus leads to organizations ability to survive the threats and challenges in their operating environments. According to Oforegbunam and Okorafor (2010) the quality of human capital available in an organization influences its chance of survival, since it is the most critical agent of business performance. This is supported by Olufemi (2009) in his study of human capital development practices and organizational effectiveness, when he stated that, to survive in an environment where, all provide almost the same product and services, the quality of the human element is a major factor. It has also become a critical index of competition in the world of business to the extent that the development of such capabilities though training has become top priority in designing the strategic plans of business organizations. Nonaka (2002) has maintained that in an environment where the only certainty is uncertainty, where market, shifts, products proliferate and technology's becomes obsolete virtually overnight, the only surviving companies are the knowledge base companies driven by human capital development consciousness.

According to Doucouliagos (1997) human capital development not only motivate workers and boost up their commitment, but also create new knowledge which when applied effectively boost productivity which is essential for survival of any enterprise. This view is supported by Obiekwe (2012) when he contends that innovativeness and creativity which is vital for organizational survival is only possible in the presence of effective human capital development. Oforegbunam and Okorafor (2010) have noted that for any organizations to survive the competitive world, it must pay serious attention to human capital development. Training, as a major component of human capital development is highly linked to the longevity of companies. In addition, the development of the human element in and organization will ensure long-term survival of the organization as the organization tap into gained knowledge and innovative abilities of developed employees to create operational efficiency, create new ideas and knowledge, and ability to create solutions for organizations challenges, it also help to enhance the employees, intelligence, skills and expertise, thereby helping the company to develop competitive edge over their competitors.

Human capital development helps organizations to generate higher performance and sustainable competitive advantage (Noudhuag, 1998) higher organizational commitment. Robertson et al. (1991) these positive organizational outcomes are very essential for survival of any organizations. Thus, as the uniqueness of human capital increases, firms have incentives to invest resources into its management, which generate positive results for the organizations.

At the organizational level human capital development plays a role in the strategic planning of how to create competitive advantage. Admittedly, human capital developments tend to turn human resources into a more tangible assets, as well as help match up the employees to strategic organization needs. A firm with developed human capital is always in a position to meet today's urgent needs of continuous growth and innovations which is vital for survival. Moreover, human capital development helps to keep organizations agile enough to reposition itself for
today’s market competitiveness and environmental changes. Thus, human capital development is sina-qua-non for long-term organizational survival.

3. CONCLUSION/RECOMMENDATION

Effective human capital development is vital in enhancing organizational survival especially in today’s where competitiveness, innovativeness and profitability goes hand in hand with survival and business success. Human capital development gives an organization a very big competitive edge over its competitors and helps her to maintain and improve productivity, performance and survival abilities. Consequently, to deliver more effectively and keep abreast with current trend of knowledge, abilities and competencies to survive and generate positive organizational outcomes, human capital development becomes a must for all organizations.

Organizations should therefore come up with some effective plans in investing in the various aspect of human capital as not only does it help firms to attain greater performance but also does ensure that firms remain competitive for their long-term survival. Business firms should cultivate high human capital development practices rather than treating employees as cost. When an organization help an employee to develop his skills, knowledge and work abilities, such an employee always seeks ways to reciprocate the favour to the organization. Employee’s loyalty, commitment and stable workforce always result from this sense of employee's feeling of obligation.

Additionally, training must be viewed as a long-term process and not just an infrequent event or “fill the gap activity” by organizations. Business organizations should make human capital development an important aspect of their corporate strategic plan to readily and timely upgrade their employees skills, enhance their conceptual knowledge, and broadens their understanding of the organizations total business objectives and values. Employees who are effectively developed generate high performance and improved productivity for their organizations. Bearing in mind the above recommendations, organizations should see human capital development as a vital business strategy to drive their survival, growth and competitive advantage in their games of business.

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