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Human capital development practices and performance of business organizations in imo state

JOSEPH ODIA ^{1,*}, Uduak Efiong Oku-Ukpong ² and Saviour Odia ³

¹ Department of Business Education, Faculty of Vocational and Technology Education, Alvan Ikoku Federal University of Education Owerri, Imo State, Nigeria.

² Department of Human Resources and Administration, Micrench Global Resources Limited Port Harcourt, Rivers State, Nigeria.

³ Department of Human Resources Management, E-Klaz Profit Limited, Dartford, United Kingdom.

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Abstract

The study examined human capital development practices and performance of business organizations in Imo State. It specifically focused on the influence of developmental human capital development and collaborative human capital development practices on market share and customers' satisfaction of business organizations. The study employed a descriptive survey research design. The population of the study was 96 (ninety-six) registered business organizations in Imo State. The entire population of the study was used due to its manageable size. Data was collected with a structured questionnaire designed by the researchers. The questionnaire was validated by two professionals in the field of measurement and evaluation of the principal researcher's institution, and the reliability of the instrument was determined with test re-test which yielded a coefficient of 0.87. Data was collected through physical contact with the respondents. Data collected was analyzed with mean and standard deviation. Analysis of the data collected revealed that both developmental and collaborative human capital development practices have positive influence on both market share and customers' satisfaction of business organizations. Thus, it was recommended that: management of organizations should prioritize the use of developmental human capital development approaches like training and development, performance appraisal, and performance counseling to prepare their employees for higher performance; and management of organization should encourage the use of collaborative human capital development practices like goal setting, role-clarification, and interpersonal relations to increase the productivity of their employees.

Keywords: Human Capital Development Practices; Performance of Business Organizations; Developmental Human Capital Development; Collaborative Human Capital Development; Market Share; Customers' Satisfaction

1. Introduction

In modern day business environment, organizations face a remarkably high level of competition. As such organizations must strive to get things right through appropriate strategies in managing their available resources. This is to enable firm to compete favourably, as companies in our contemporary Nigeria are pose with the problem of competitions. To have competitive advantage, it is important for firms to truly leverage on the workforce as a competitive weapon. Thus, human capital development is imperative in the sustainability of competitive advantage. According to Annakis et al (2014), investment in human capital through education or training is an important area of concern for firms. Human capital must be developed and leveraged to generate returns. As we move to a knowledge-based economy, knowledge, skills, and competencies constitute vital assets that support economic growth and reduce social inequality in developing countries.

* Corresponding author: JOSEPH ODIA

The concept of human capital refers to the knowledge, abilities, health, and skills that people invest in and accumulate throughout their lives, enabling them to realize their potential as productive members of a country. Thus, human capital development refers to the process of acquiring and increasing the number of persons who have the skills, education, and experience that are critical for the economic growth and development of a country's economy. In organizational context, Abel and Deitz (2014) see human capital development as the process by which organizations help their employees to acquire or sharpen abilities required to perform functions associated with their present or expected job roles; develop their skills and discover and utilize their potential. Effective human capital development is achieved through training of employees to become abreast of trends and to improve job performance.

Human capital development is an activity conducted by organizations towards improvement of some stock of knowledge or characteristics of an individual that can contribute to his or her productivity. Nwachukwu (2024) sees human capital development as organized learning activities arranged within an organization to improve performance and or personal growth for the purpose of improving the job, the individual and or the organization. This is hinged on the realization that the achievement of the objectives of any organization is possible when and only if human resources are empowered through training and development so that they can be more strategic, creative, and innovative. The human capital development is an activity undertaken to expose an employee to perform additional duties and assume position of importance in the organizational hierarchy. It involves the long term systematic educational or organizational process and procedure by which employees gain more conception and practical knowledge about his workplace.

Human capital development practice in organizations is a process of developing and unleashing expertise for the purpose of improving individuals, teams, work processes and organizational system performance. According to Simachew (2020) the main purpose of human capital development practices is to develop employees' skills and competences in line with organizational objectives. There need to be a feasible transfer of development programmes into workplace. In discussing the importance of human capital development practices, Anyim, Ikemefuna and Mbah (2015) postulated that it increases key competencies that enable individuals to perform current jobs and that will allow them to adapt quickly to new challenges and opportunities. The scholars further said that it helps to lower employee turnover and improve well-being.

Human capital development practices have been categorized into different groups by different scholars. On that note, Chen, Lam, and Zhu (2019), grouped human capital development practices into two which comprise developmental human capital development practices and collaborative human capital development practices. Tang et al (2021) sees Developmental human capital development practices as human capital management practices that focuses on employee potential development and future career development and implementing human capital management practices for the common development of organizations and employees, from the perspective of organizational employee collaborative development. They regard employees as partners of the organization, with the goal of promoting long-term career development of employees and building sustainable competitiveness of the organization. According to Chen et al (2019), through developmental human capital development practices organizations offer different types of training programmes, attach importance to employees' training activities, provide continuous developmental opportunities for employees, and provide management-trainee program to continuously cultivate management talents. Wegwu and Princewill (2022) opined that some of the tools such as training and development, performance appraisal, performance counseling, are used to initiate, promote and facilitate the developmental human capital development practices process continuously by planning in a proper way, allocating the resources in explicit way, by exemplifying human capital development philosophy that value human beings and finally promote employee development.

Collaborative human capital development practices facilitate employees' social tie formation in the form of the tie number. Human resource practices such as team-based design and job rotations provide formal opportunities for employees to interact with other colleagues. Chen, et al. (2019) see collaborative human capital development practices as human resources development interventions that facilitate interactions, collaborations, and relationships among organizational members. It is a formal and informal team-level intervention that focuses on improving social relations and clarifying roles as well as solving tasks and interpersonal problems that affect team functioning. In exploring the significance of collaborative human capital development practices Chen et al (2019) declared that: it encourages employees to interact informally with one another to promote cooperation; creates team-building activities to strengthen employee cohesion; and establishment of team-building activities to strengthen employee cohesion. According to Rama (2017), there are four approaches to collaborative human capital development practices. They are goal setting; role-clarification; interpersonal relations; and problem solving.

The essence of human capital development practices in an organization is to increase the performance of the organization. Organizational performance is the ability of an organization to reach its goals and optimize results. In

other words, it is a company's ability to achieve goals in a state of constant change. Tomal and Jones (2015) define organizational performance as an organization's genuine outcomes or production as compared to its planned results. Organizational performance relates to how successful an organized group of people with a particular purpose performs a function. It comprises the actual output or results of an organization as measured against its intended outputs, objectives, or goals. However, high organizational performance exists when all the parts of an organization work together to achieve impressive results. The performance of organizations is reflected in companies' market share and customers' satisfaction.

Market share is one of the primary indicators which companies use to measure how well they are doing among other competitors. According to Gladson-Nwokah and Acee-Eke (2019), market share is used by firms or businesses to determine their competitive strength in an industry as compared to other companies in the same industry, and it also allows organization to accurately assess their performance from year to year noticing a specific organization might be shutting better or more awful, contrasted with different organizations in a similar industry. In any market, piece of the pie alludes to the level of business or sales that a company controls out of total business (market potential) or sales by all competitors combined. Market share is measured by dividing the company's sales for a certain period by the industry's total sales over the same period. A company that expands its market share will see a faster increase in revenue than its competitors. Market share is frequently used to characterize a firm's position within its industrial sector.

Customer satisfaction refers to the favorability of the individual's subjective evaluation of the various outcomes and experiences associated with using or consuming a product. Fornell et al (2016) see customer satisfaction as the overall evaluation based on the total purchase and consumption experience with the good or service over time. Customer satisfaction has been one of the top tools for a successful business. Customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase. To maximize customer satisfaction, companies should sell ideas and methods after the completion of all the necessary documents. Customer satisfaction is dynamic and relative. Only the idea "customer-centric" can help companies improve satisfaction and keep customer truly. Conversely, if competitors improve customer satisfaction, then it may loss corporate customers. While improving customer satisfaction, customer expectations should be noticed. Service quality, product quality and value for money have a direct positive impact on customer satisfaction. Employee satisfaction is equally important before achieving customer satisfaction.

A series of empirical studies have been conducted on the relationship between human capital development and organizational productivity locally and internationally. For instance, a study conducted by Chigozie et al. (2018) on human capital development and performance of manufacturing firms in South-East Nigeria found that human capital development in the form of knowledge and skills development have positive significant relationship on innovation. The study concluded that organizations that do not learn continuously and continuously list, develop, share, distribute, mobilize, cultivate, review, and spread knowledge will not be able to compete effectively in the global market. In a related development, Odette et al. (2017) conducted a study on the influence of strategic human capital investment on performance of coffee exporting firms in Rwanda and revealed that strategic human capital investment had positive significant influence on performance of coffee exporting firms in Rwanda. Similarly, Odhon'g and Omolo (2015) queried the effect of human capital investment on organizational performance of pharmaceutical companies in Kenya and found positive significant relationship between human capital investment and organizational performance.

Despite the positive relationship found by both local and international researchers on the relationship between human capital development and organizational productivity, most manufacturing firms are not living up to expectation in prioritizing human capital development. For instance, Federman (2016) expressed that the idea of organizational performance is unsettling with issues like the capacity of an organization to get to an ideal usage of assets and subsequently accomplish its objectives. Hence, the study seeks to examine human capital development practices and performance of business organizations in Imo state.

1.1. Statement of the Problem

The extent of success achievable by any organization depends on the ability of its human resources to utilize other resources such as capital, equipment, and land for the achievement of organization objectives. Investment in intellectual capital therefore must not be treated merely as an expense in the profit and loss account of an organization but rather as a capital expenditure which is repaid with huge gains or profit over time. However, this concept is new in Imo State since not all business organizations have recognized the significant role of human capital development in organizational performance and development. Consequently, most employees in most business organizations in Imo State exhibit negative attitudes towards work as most business organizations in the area are confronted with lack of employees' commitment, poor quality services, and a high rate of turnover. These in turn have affected the performance of business

organizations in the area, in terms of reduction in market share and customers satisfaction. It is against this backdrop that the study seeks to examine human capital development practices and performance of business organizations in Imo state.

1.2. Aims/Objectives of the Study

The aim of the study was to examine human capital development practices and performance of business organizations in Imo state. Specifically, the study was aimed at accomplishing the following objectives.

- To examine the influence of developmental human capital development practices on market share of business organizations in Imo State.
- To examine the influence of developmental human capital development practices on customers' satisfaction of business organizations in Imo State.
- To examine the influence of collaborative human capital development practices on market share of business organizations in Imo State.
- To examine the influence of collaborative human capital development practices on customers' satisfaction of business organizations in Imo State.

1.3. Research Questions

The study was guided by the following questions.

- What influence has developmental human capital development practices on market share of business organizations in Imo State?
- What influence has developmental human capital development practices on customers' satisfaction of business organizations in Imo State?
- What influence has collaborative human capital development practices on market share of business organizations in Imo State?
- What influence has collaborative human capital development practices on customers' satisfaction of business organizations in Imo State?

1.4. Significance of the Study

The findings of the study would be of significance to employer or management of organizations, employees, and researchers. The findings of the study would be of benefit to the employer or management of organizations as the study will empirically examine the positive effects of human capital development practices on organizational productivity. This in turn would encourage employers or management of organizations to prioritize human capital development in their respective organizations.

The findings of the study would be of significance to employees of the organizations, as the priority that would be given to human capital development by employers or management of organizations would enhance the skills and competencies of employees. This in turn would earn them promotion in the organizations.

The findings of the study would be of benefit to researchers, as the outcome of the study would serve as a source of review of empirical studies in their future related studies.

1.5. Scope of the Study

The scope of the study was divided into three, which are content scope, geographical scope, and unit scope. The content scope was limited to the specific objectives of the study. The geographical scope was limited to all registered business organizations in Imo State. The unit scope which is macroscopic in nature was limited to the managers of the organizations.

2. Methodology

2.1. Design of the Study

The study employed a descriptive survey research design. According to Singh (2023), descriptive research is an exploratory research method that helps a researcher describe a population, circumstance, or phenomenon. The design

is suitable for the study as the study explored the facts pertaining the influence of human capital development practices on performance of business organizations.

2.2. Population of the Study

The population of the study comprised the 96 (ninety-six) registered business organizations in Imo State, as listed by Imo State Global Data Company 2024.

2.3. Sample and Sampling Technique

The entire population of the study was used due to the manageable size. Thus, no sampling technique was adopted in the study.

2.4. Instrument for Data Collection

The instrument used for data collection was a structured questionnaire. The questionnaire contained a cover letter and two sections (A & B). The cover letter was used to appeal for maximum cooperation of the respondents, section 'A' contained the personal data of the respondents, and section 'B' contained 12 (twelve) structured items with response options of four Likert rating scales of Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD).

2.5. Validity and Reliability of the Instrument

The instrument was validated by two professionals in the field of measurement and evaluation. Their comments and corrections were considered in the final draft of the instrument to ensure it face, content and construct validity. The reliability of the instrument was determined with test re-test. It was performed by administering the instrument to 20 (twenty) respondents on two different occasions within a space of two weeks. The results of the two tests were compared using Pearson product moment correlation coefficient formulae, and a coefficient of 0.87 (87%) was obtained which make the instrument to be highly reliable.

2.6. Method of Data Collection

Data for the study was collected through physical contact with the respondents. 96 (ninety-six) copies of the questionnaire were distributed, and 84 (eighty-four) copies were returned.

2.7. Method of Data Analysis

Data collected was analysed with Mean and Standard Deviation. Decision for the analysis of the various research questions was taken by comparing the calculated mean scores with criterion mean score of 2.5. Calculated mean scores of 2.5 and above were upheld while calculated mean scores below the criterion mean scores of 2.5 were retracted.

3. Results and Discussion

3.1. Analysis of Research Questions

3.1.1. Analysis of Research Question one

What influence has developmental human capital development practices on market share of business organizations in Imo State?

In response to the above research question, item 1 to 3 of the questionnaire administered to the respondents was analysed. The result of the analysis is presented in table one below.

Table 1 Mean Distribution of Respondents on the Influence of Developmental Human Capital Development Practices on Market Share of Business Organizations

Item	Mean	Std. Dev	Remark
Training and development increase market share of Business organizations	2.87	0.475	Accepted
Performance appraisal increases market shares of business Organizations	3.01	0.533	Accepted
Performance counseling increases market share of business Organizations	2.93	0.569	Accepted
Collective Mean	2.93	0.526	Accepted

Source: Field work/survey 2024

The above mean distribution revealed a calculated collective mean score of 2.93 which is greater than the criteria mean score of 2.50 (**2.93>2.50**). Since the calculated collective mean score of the distribution is greater than the criteria mean score, it is accepted that developmental human capital development practices have positive influence on market share of business organizations.

3.1.2. Analysis of Research Question two

What influence has developmental human capital development practices on customers' satisfaction of business organizations in Imo State?

In response to the above research question, item 4 to 6 of the questionnaire administered to the respondents was analysed. The result of the analysis is presented in table two below.

Table 2 Mean Distribution of Respondents on the Influence of Developmental Human Capital Development Practices on Customers' Satisfaction of Business Organizations

Item	Mean	Std. Dev	Remark
Training and development increase customers' satisfaction of business organizations	2.90	0.528	Accepted
Performance appraisal increases customers' satisfaction of business organizations	2.79	0.481	Accepted
Performance counseling increases customers' satisfaction of business organizations	2.93	0.541	Accepted
Collective Mean	2.87	0.517	Accepted

Source: Field work/survey 2024

The above mean distribution revealed a calculated collective mean score of 2.87 which is greater than the criteria mean score of 2.50 (**2.87>2.50**). Since the calculated collective mean score of the distribution is greater than the criteria mean score, it is accepted that developmental human capital development practices have positive influence on customers' satisfaction of business organizations.

3.1.3. Analysis of Research Question three

What influence has collaborative human capital development practices on market share of business organizations in Imo State?

In response to the above research question, item 7 to 9 of the questionnaire administered to the respondents was analysed. The result of the analysis is presented in table three below.

Table 3 Mean Distribution of Respondents on the Influence of Collaborative Human Capital Development Practices on Market Share of Business Organizations

Item	Mean	Std. Dev	Remark
Goal setting increases market share of Business organizations	3.12	0.969	Accepted
Role- clarification increases market shares of business organizations	2.98	0.886	Accepted
Interpersonal relations increase market share of business Organizations	3.19	0.838	Accepted
Collective Mean	3.09	0.898	Accepted

Source: Field work/survey 2024

The above mean distribution revealed a calculated collective mean score of 3.09 which is greater than the criteria mean score of 2.50 (**3.09>2.50**). Since the calculated collective mean score of the distribution is greater than the criteria mean score, it is accepted that collaborative human capital development has positive influence on market share of business organizations.

3.1.4. Analysis of Research Question four

What influence has collaborative human capital development practices on customers' satisfaction of business organizations in Imo State?

In response to the above research question, item 10 to 12 of the questionnaire administered to the respondents was analysed. The result of the analysis is presented in table four below.

Table 4 Mean Distribution of Respondents on the Influence of Collaborative Human Capital Development Practices on Customers' Satisfaction of Business Organizations

Item	Mean	Std. Dev	Remark
Goal setting increase customers' satisfaction of business organizations	3.01	0.838	Accepted
Role-clarification increases customers' satisfaction of business organizations	3.02	0.859	Accepted
Interpersonal relations increase customers' satisfaction of business organizations	3.07	0.856	Accepted
Collective Mean	3.03	0.851	Accepted

Source: Field work/survey 2024

The above mean distribution revealed a calculated collective mean score of 3.03 which is greater than the criteria mean score of 2.50 (**3.03>2.50**). Since the calculated collective mean score of the distribution is greater than the criteria mean score, it is accepted that collaborative human capital development has positive influence on customers' satisfaction of business organizations.

4. Conclusion

The study examined human capital development practices and performance of business organizations in Imo State. It specifically focused on the influence of developmental human capital development and collaborative human capital development practices on both the market share and customers' satisfaction of business organizations. A descriptive analysis of the data collected revealed that both developmental human capital development and collaborative human capital development have positive influence on both market share and customers' satisfaction of business organizations. Consequently, it was concluded that human capital development practices influenced organizational productivity.

4.1. Recommendations

Based on the findings of the study, the following recommendations were made.

- Management of organizations should prioritize the use of developmental human capital development approaches like training and development, performance appraisal, and performance counseling to prepare their employees for higher productivity.

- Management of organization should encourage the use of collaborative human capital development practices (goal setting, role-clarification, and interpersonal relations) to increase the productivity of their employees.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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