

Impact of Human Capital Development on Employee Performance: A Study of Selected Oil Service Firms in Rivers State, Nigeria

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Abstract

Human capital development is one of the most importance requirements to ensure the sustenance and improvement of an economy either at macro or micro level. Human capital development is the continuous process from childhood to old age. It is also a most for any society or enterprise that wishes to survive under the complex challenges of the dynamic world. The study investigated to impact of human capital development an employee performance of selected oil service firms in River state, Nigeria. The study examines the impact of training an employee performance it also determine the impact of employee educational level on employee performance. The population of the study was 150, out of which 109 was determine as sample size through the use of Taro Yamane. Finding revealed that training has a positive impact on employee performance. Also employee educational level impact positively on the performance because of the X^2 values is 70.862 greater than the tabulated value of 9.49. Finally, the recommendations were made that human capital development elements like training and retraining (on the job and the job) should be the focus point of the management. More proactive performance management system should be adopted. Staff development should be monitored on regular basis so as to know what strategies are to be adopted.

Key words: *Human Capital Development, Training, Education, Employee, Performance, Experience*

1. Introduction

Human capital development is one of the most important requirements to ensure the sustenance and improvement of an economy either at macro or micro level. Human capital development is a continuous process from childhood to old age. It is also a most for any society or enterprise that wishes to survive under the complex challenges of the dynamic world. For the individual, it should be a life-long process because of the continuously changing environment to which one must also continuously adapt to. Such development enables the persons involved to move vertically or laterally in the economic and social environment, (Ibok and Ibanga, 2014) averred.

In recognition of the importance of human capital development, the United National Economic Commission for Africa (1991) has described human capital development as the knowledge, skills, attitudes, physical and managerial effort required to manipulate capital, technology, land and material to produce goods and services for human consumption.

In the same vein, (Mahroum, 2007) suggested that at the macro-level, human capital management is about three key capacities namely; the capacity to develop talents, the capacity to deploy talents, and the capacity to draw talents from elsewhere. Collectively, these three capacities formed the backbone of any country's human capital competitiveness. In a collaborative view, (Simkovic, 2013) sees human capital as the most important element of success in business today. According to him, developing human capital requires creating and cultivating environment in which human beings can rapidly learn and apply new ideas, competencies, skills, behaviours and attitudes. It could therefore, be deduced that human capital represents the stock of competencies, knowledge, habits, social and personality attributes, so as to produce economic value.

In the current global market, companies are composed by competitors, regardless of the industry. To develop a competitive advantage, it is important that firms truly leverage on the work force as a competitive weapon. A strategy for improving workforce performance to derive higher value for the firms has become an important focus. Firms seek to optimize their workforce through comprehensive human capital development programmes not only to achieve business goals but most important is for a long term survival and sustainability, (Maran et al; 2009) opined. To accomplish this undertaking, firms will need to invest resources to ensure that employees have the knowledge, skills and competencies they need to work effectively in rapid changing and complex environment. As such and in response to the changes, most firms have embraced the notion that human capital development has good competitive advantage that will embrace higher performance.

Therefore, human capital development becomes a part of an overall effort to achieve cost-effective performance in a firm, (Maran et al; 2009) re-affirmed. Thus, firms need to understand human capital development that would enhance and improve employee performance. It there means that human capital refers to the abilities and skills of human resources and in the other hand, human capital development refers to the process of acquiring and increasing the number of persons who have the skills, education and expertise which are critical for the survival of an organization and economic growth of the country at large, (Griffin and Knight, 1990) and the United Nations Development Project [(UNDP), 1990] opined. It is at this premise that the study investigates the impact of human capital development on employee's performance in the oil and gas industrial in Rivers State Nigeria.

1.2 Statement of the Problem

One thing that is common to every organization is the desire for high performance through her employees. This is necessary for the survival and sustainability of business organizations and for them to optimize their objectives which ranges from maximization of benefits/profits to cost minimization. Therefore, it has been academically debated that for this objective be achieved, organizations must consider vital human capital development elements such as motivation, education level and experience level among others. That is to say that, organizations could not achieve high performance without paying adequate attention to these elements of human capital. No doubt, many organizations in Nigeria and across the globe consider such elements to be very important to gain competitive advantage. Also, in the recent times, some scholars debates that not only motivation in

terms of salary and allowances enables workers to perform more but training (on- the-job and off- the-job) to ensure workers have the skills and ability to work. However, none of the prior studies have evaluated training along other elements of human capital development stated herein on employee performance especially in the Oil Service Firms particularly Halliburton and Schlumberger in the Post Local Content Development Act regime.

The aim of this study thus is to examine how these elements impacts on employee performance in the chosen firms.

1.3 Objectives of the Study

The broad or major objective of this study is to evaluate the impacts of human capital development on the employee performance in Halliburton and Schlumberger Oil Service Firms in Port-Harcourt, Rivers state. However, the specific objectives of the study are to;

- i. Examine the impacts of training on employee performance.
- ii. Examine the impacts of employee educational level on employee performance.
- iii. Examine the impacts of employee experience level on employee performance.

1.4 Research Questions

The following research questions are thus stated below:

- (a) What are the impacts of training on employee performance in Oil Service Firms particularly Halliburton and Schlumberger?
- (b) What are the impacts of employee educational level on employee performance in Halliburton and Schlumberger Oil Service Firms?.
- (c) What are the impacts of employee experience level on employee performance in Halliburton and Schlumberger?.

1.5 Research Hypotheses

The following research hypotheses were formulated to guide the study:

H0₁: Training does not have any significant impact on employee performance.

H0₂: Employee education level does not have any significant impact on performance.

H0₃: Employee experience level does not have any significant impact on performance.

2. Conceptual Clarification Of Human Capital Theory

The theory of human capital is rooted from the field of macroeconomic development theory (Schultz 1993). Also, Becker (1993) in his classic book- human Capital, made a theoretical and empirical analysis with special reference to education in order to illustrates this domain. Becker argues that there are different kinds of human capital investments that include schooling, a computer training course, expenditures on medical care etc. And in fact, lectures on the virtues of punctuality and honesty are capital investments too. In the true sense, they improve health, raise earnings, or add to a person's appreciation of literature over a lifetime. Consequently, it is fully in line with the human capital concept as traditionally defined to say those expenditures on education, training, medical care etc., are investments in human capital. These are not simply costs but investments with valuable returns that can be calculated. According to him; the concept of human capital has gained tremendous attention in today's study. Bontis (1999) defined human capital as representing the human factor in the organization; the combined intelligence, skills and expertise that give the organization its distinctive character. He went on to emphasize that such element, must be those that are capable of learning, changing , innovating and

providing the creative thrust , which if properly motivated can ensure the long time survival of the organization.

Amstrong (2004), defined human capital as all abilities whether innate or acquired attribute whose value can be augmented by appropriate development investment. Davenport (1999), observed that human capital consist of the intangible resources that workers provide for their employers. He went further to pass the following comments: people pose innate abilities, behaviours and personal energy and those elements make up human capital they bring to research. And it is they, not their employers, who own this capital and decide when, how and where they will contribute it. Indeed, they can make choices. Work is a two way exchange of value, not a one way exploitation of an asset by its owners (Adeyeye ,2002).

From the contributions of the various scholars of human resources management, it is obvious that a number of issues addressed in the development of human capital are varied and inexhaustible in modern enterprise.

From the perspective of Classical Economic Theory of Becker (1993), human capital considers labour as a commodity that can be traded in terms of purchase and sale. This classical theory focuses on the exploitation of labour by capital. However, unlike the meaning traditionally associated with the term labour, human capital refers to the knowledge, expertise, and skills one accumulates through education and training. Emphasizing the social and economic importance of human capital, examples of firm-specific human capitals include expertise obtained through education and training in management information systems, accounting procedures, or other expertise specific to a particular firm (Becker 1993) affirmed. General-purpose human capital is knowledge gained through education and training in areas of value to a variety of firms such as generic skills in human resource development. Regardless of the application, Becker (1993) considers education and training to be the most important investment in human capital.

Human capital is seen as a group or individual dispositions of a person in the form of source of knowledge and skills that reflect education and experience of the individual person. Ideally, the labour market uses those who can be sufficiently adaptable to the varied conditions so that a potential employer is attracted to the person; the better human capital of the employee, the higher appreciation of the investment for the employer.

Figure1: represents the key relationship in human capital theory and the assumptions underlying these relationships.

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Source: A model of human capital theory (Swanson 2001).

Relationship 1 represents the concept of production functions as applied to education and training. The key assumption underlying this relationship is that investment in education and training results in increased learning.

Relationship 2 represents the human capital relationship between learning and increased productivity.

Relationship 3 represents the human capital relationship between increased productivity and increased wages and business earnings. The key assumption underlying this relationship is that greater productivity does contribute to the organizational advantages and profits.

The entire human capital continuum represented is assessed using return-on-investment analysis or cost-benefit analysis. The human capital theory is an important agent for boosting firm performance. Thus, this study has capitalized on this theory for arguing that human capital becomes an element in firm performance.

Furthermore, as the global economy shifts towards more knowledge based sectors (the manufacturing of ICT based services, R&D etc) skills and human capital development becomes a central issues for policy makers and practitioners engaged in economic development both at the national and regional levels, Organization for Economic Co-operation and Development[(OECD) 1996]. Yet, the impact of education and vocational training activities exert upon changing national and regional economies remains less than thoroughly explained and analyzed. Since the introduction of human capital theory in the 1960s, a number of studies have attempted to address this and other related issues.

Human capital theory views schooling and training as investment in skills and competences (Schultz, 1960 & 1961). It is argued that based on national expectation of return on investment, individuals make decisions on the education and training they receive as a way of augmenting their productivity. A similar strand of studies focuses on the interaction between the educational/skills level of the workforce and measurements of technological activities (Nelson & Phelps, 1966). According to this theory, a more educated/skilled workforce makes it easier for a firm to adopt and implement new technologies, thus reinforcing returns on education and training. Empirical studies provide evidence supporting the aggregate effects of education and training. This theory shows how education leads to increase in productivity and efficiency of workers by increasing the level of their cognitive skills. According to Babalola (2000), Theodore, Schultz, Gory, Bucker and Jacob introduced the notion that people invest in education as to increase their stock of human capabilities which can be formed by combining innate abilities with investment in human being. He went on to outline such investments to include expenditure on education, on-the-job training, health and nutrition. However, he realized that the stock of human capital increases in a period only when gross investment exceeds depreciation with the passage of time, with intense use or lack of use. Babalola (2000) opined that the

provision of education is seen as a productive investment in human capital, an investment which the proponents of human capital theory considers to be equally or even more equally worthwhile than that in physical capital. He further affirmed that human capital theorists have established that basic literacy enhances the productivity of workers low skill occupations. According to him, they also state instruction that demands logical and analytical reasoning that provides technical and specialized knowledge which increases the marginal productivity of workers in high skill or profession and positions. Moreover, the greater the provision of schooling society, the greater the increase in national productivity and economic growth.

The origin of human capital goes back to the emergence of classical economics in (1776) and thereafter development of a scientific theory (Fitzsimons 1999). After the manifestation of that concept as a theory, Schultz (1961) recognized the human capital as one of important factors for a national economic field in the modern economy. With the emergence and development of human capital as an academic field, some researchers expansively attempted to clarify how the human capital could contribute to socio-political development and freedom (Alexander, 1996), (Grubb & Lazerson,2004) and (Sen ,1999) stated.

The concept of human capital can be variously categorized by each perspective of academic fields. The first viewpoint is based on the individual aspects. Schultz (1961) recognized the human capital as ‘something akin to property’ against the concept of labor force in the classical perspective, and conceptualized ‘the productive capacity of human beings in now vastly larger than all other forms of wealth taken together’. Most of researchers have accepted that his thought viewing the capacity of human being is knowledge and skills embedded in an individual (Beach, 2009). Similar to his thought, a few researchers show that the human capital can be closely linked to knowledge, skills, education and abilities (Garavan et al; 2001) and (Youndt et al; 2004). Rastogi (2002) conceptualizes the human capital as ‘knowledge, competency, attitude and behaviour embedded in an individual’.

There is the second viewpoint on human capital itself and the accumulation process of it. This perspective stresses on knowledge and skills obtained throughout educational activities such as compulsory education, postsecondary education, and vocational education De la Fuente and Ciccone (2002) as cited in Alan et al; (2008). Despite the extension of that concept, this perspective neglects that human being would acquire knowledge and skills throughout his/her own experience.

The third is closely linked to the production-oriented perspective of human capital. Romer (1990) refers to the human capital as ‘a fundamental source of economic productivity’. Rosen (1999) defined the human capital as ‘an investment that people make in themselves to increase their productivity’. More recently, Frank and Bemanke (2007) stated that human capital is ‘an amalgam of factors such as education, experience, training, intelligence, energy, work habits, trustworthiness, and initiative that affect the value of a worker’s marginal productivity’. Considering the production-oriented perspective, the human capital is ‘the stock of skills and knowledge embodied in the ability to perform labor so as to produce economic value’ (Sheffin, 2003) stated. Furthermore, some researchers define human capital as ‘the knowledge, skills, competencies and attributes in individuals that facilitate the creation of personal, social and economic well-being’ with the social perspective, (Rodriguez and Loomis, 2007).

Consequently, human capital simultaneously includes both of the instrumental concept to produce certain values and the endogenous meaning to self-generate it. In order to dependently/independently create these values, there is no doubt that leaning through education and training can be an important in terms of defining the concept of human capital. Considering that experience can be included as a category of knowledge, the human capital is a synonym of knowledge embedded in individuals.

It is noteworthy to say that performance is contingent to human capital development and as such (Weatherly, 2003) concluded that nothing happens unless human being makes a conscious decision to act.

Boxall (1998), stated that the sources of superiority depends on the quality of interest alignment and employee development in firm compared with the industry rivals. According to Drucker (1992), "People are our greatest assets, yet few practice what they preach, let alone totally believes it". Pfeffer (1994) is a strong proponent of the contribution of human capital in strategic context. He suggested that human resources need to be treated as permanent rather than contingent resources. The organization must capture the benefits of any firm-specific competencies and capabilities that they develop. Chen and Lin (2005) defined investment in human capital as input made by company in talents and technology that benefit competitive advantages, valuable, unique and should be kept out of reach of other companies. In other words, only employees possessing these qualities are qualified as human capital. Khandekar and Sharma (2003) concluded that firm that make greater use of human resources capabilities are likely to gain a sustainable advantages and enjoys superior performance. Kannan and Akhilesh (2002) described that to enhance the organization performance.

2.1 Empirical Review of Human Capital and Performance

There is a large and growing body of evidence that demonstrates a positive linkage between the development of human capital and employee performance. The emphasis on human capital in organisations reflects the view that market value depends less on tangible resources, but rather on intangible ones, particularly human resources. Recruiting and retaining the best employees, however, is only part of the equation. The organisation also has to leverage the skills and capabilities of its employees by encouraging individual and organisational learning and creating a supportive environment where knowledge can be created, shared and applied. In this review, we will assess the context in which human capital is being discussed and identify the key elements of the concept, and its linkage to other complementary forms of capital, notably intellectual, social, and organisational (Hatch and Dyer, 2004). We will then examine the case for human capital making an impact on performance, for which evidence is now growing, and explore mechanisms for measuring human capital (Dooley, 2000).

Our belief is that, on the evidence of this review, the link between human capital and organisational performance is convincing. Empirical work has become more sophisticated, moving from single measures of HR to embrace combinations or bundles of HR practices and in this tradition, the findings are powerful (Fitz-Enz, 2002). Such results have led some scholars to support a 'best practices' approach, arguing that there is a set of the identifiable practices, which have a universal, positive effect on company performance. Other scholars contend that difficulties in specifying the constituents of a best-practices set, and the sheer number of contingencies that organisations experience, make the best practice approach problematic. A general and growing trend in this debate is to see these approaches as complementary rather than in opposition, with best practice viewed as an architectural

dimension that has generalizable effects, but within each organisation, the bundles of practices will be aligned differently to reflect the context and contingencies faced by the firm. Though there appears to be a growing convergence on this issue, the measurement of human capital remains rather ad hoc, and more needs to be done to develop the robust methods of valuing human contribution (Dutta and Reichelsteinm 2005).

Employee performance has an important role in our daily lives because it leads to overall organizational performance and therefore, successful organizations represent key ingredient for developed nations. Thus, many economists consider employee performance similar to an engine in determining the economic, social and political progress (Goldsteirn and Ford, 2002).

Continuous performance is the focus of any organization because it is only through performance, organizations are able to grow and progress. Thus, employee performance is one of the importance variables in the management research and arguably the most important indicator of the organizational performance. Employee performance is defined as whether a person executes their jobs, duties and responsibilities well. Many companies asses their employees performance on an annual or quarterly basis in order to define certain areas that need improvement. Performance is critical factor in organizational success (Enyekit et al, 2011).

3. Methodology

The research made use of stratified sampling technique where the populations is categorized into strata (manager/MDs, project engineers construction/HSE engineers, doctors/pharmacy/nurses, accountants/auditors, sales engineers and others categories of staff. Each stratum is then sampled as an independent sub-population, out of which data was collected through well-structured questionnaire. The population of the study was randomly selected from each of these oil service firms for the purpose of administered questionnaire to an aggregated populated of 150 staff. The sample size was determined with the use of Taro Yamane formula, to be 109. Chi-square was adopted to test the hypotheses for the study. A 5 point Likert scale was adopted in the study.

4. Data Presentation and Analysis According to Research Hypotheses

This subsection of the research will restate the hypothesis formulated so as to determine the reliability and dependability of the thesis and this was done using chi-square formula.

4.4.1: Testing of hypotheses

Chi-Square Test

HO₁: Training does not have any significant impact on employee performance.

Frequencies

	Observed N	Expected N	Residual
Strongly Agree	12	21.8	-9.8
Agree	16	21.8	-5.8
Undecided	2	21.8	-19.8
Disagree	31	21.8	9.2
Strongly Disagree	48	21.8	26.2
Total	109		

HO₂: Employee educational level does not have any significant impact on performance.
Frequencies

	Observed N	Expected N	Residual
Strongly Agree	8	21.8	-13.8
Agree	12	21.8	-9.8
Undecided	4	21.8	-17.8
Disagree	36	21.8	14.2
Strongly Disagree	49	21.8	27.2
Total	109		

HO₃: Employee experience level does not have any significant impact on performance.
Frequencies

Experience level does not impact on performance

	Observed N	Expected N	Residual
Strongly Agree	2	21.8	-19.8
Agree	4	21.8	-17.8
Undecided	3	21.8	-18.8
Disagree	40	21.8	18.2
Strongly Disagree	60	21.8	38.2
Total	109		

Apart from testing the hypotheses formulated for the study, other questions raised in the questionnaire were tested as well.

To what extent does training enhances employee performance?

	Observed N	Expected N	Residual
Very Low Extent	10	21.8	-11.8
Low Extent	13	21.8	-8.8
Moderate Extent	17	21.8	-4.8
Large Extent	30	21.8	8.2
Very Large Extent	39	21.8	17.2
Total	109		

To what extent does educational level enhances employee performance?

	Observed N	Expected N	Residual
Very Low Extent	3	21.8	-18.8
Low Extent	3	21.8	-18.8
Moderate Extent	8	21.8	-13.8
Large Extent	25	21.8	3.2
Very Large Extent	70	21.8	48.2
Total	109		

To what extent does experience enhances employee performance?

	Observed N	Expected N	Residual
Very Low Extent	5	21.8	-16.8
Low Extent	8	21.8	-13.8
Moderate Extent	13	21.8	-8.8
Large Extent	25	21.8	3.2
Very Large Extent	58	21.8	36.2
Total	109		

Decision rule

- A. If the calculated value is less than the tabulated (critical) value, the H_A will be accepted and the H_O will be rejected.
- B. If the calculated value is greater than the tabulated (critical) value, the H_A will be rejected and the H_O will be accepted.

Chi-square(x^2) tabulated value at 5% (0.05) level of significant.

Degree of freedom (Df)=(r-1)(c-1)

Where r=5, c=2

Df= 4x1=4

X^2 tab at 5% level of sig=9.49

Interpretation

From the analysis above, for hypothesis 1 the statistical chi-square(x^2) value of 59.303 is greater than the tabulated value of 9.49 at 0.05 level of sig. and Df (4). Therefore, we accepted H_A which means that training has a significant impact on employee performance and rejected H_O .

Hypothesis 2

The statistical chi-square(x^2) value of 70.862 is greater than the tabulated value of 9.49 at 0.05 level of sig. and Df(4). Therefore, we also accepted the H_A which means that employee educational level has impact on performance and rejected H_O .

Hypothesis 3

The statistical value of 130.862 is greater than the tabulated value of 9.49 at 0.05 level of sig and Df(4). Therefore, we accepted the H_A which means that employee experience level has impact on performance and rejected H_O .

4.5 Discussion

From the analysis of responses to the research questions, it was discovered that training has a positive significant impact on employee performance. This is evident on the result of the hypothesis tested where it was found that statistical chi-square (X^2) value of 59.303 is greater than X^2 tabulated value of 9.49. The value showed that training amongst other things constitutes investment strategies of these companies. It further buttresses the fact that training of the employees ensures continued survival of the organizations and to gain competitive advantage.

It was also found that employee educational level impacted positively on the performance because the statistical chi-square (X^2) value of 70.862 is greater than the tabulated value of

9.49. The noticeable difference (increase) in value between the impact of training on employee performance and employee educational level stems from the fact that an experienced employee performs his duties more efficiently and effectively because of same job description than an employee who is been trained on the job.

Finally, it was also found that employee experience level has appreciable positive impact on performance. From the analysis of the hypothesis, it was discovered that the statistical chi-square (X^2) value of 130.862 is greater than X^2 tabulated value of 9.49. Therefore, we accepted the H_A and rejected H_O which means that employee experience level enhances performance. Overall, though the three elements has positive significant impact on employee performance, employee experience level has the highest impact on performance. Also, the statistical chi-square(x^2) values of other questions raised in the questionnaire to reaffirm the consistency of the respondents were analyzed and all showed a positive values above the tabulated x^2 values.

5. Summary, Conclusion and Recommendations

5.1: Summary

From the analysis of the research statements, it was found that training, employee educational level and experience level are positively significant to the attainment of employee performance. Therefore, it should be realized that, employee performance will remain only a dream if adequate priority is not given to the human capital development elements identified in this study since; they form the chunk of the workforce in the studied oil firms. The benefit of these HCD elements includes among others the operational existence of the studied companies. The result of the analysis showed that the companies engages the services of educated, experienced and also appreciates the importance of training(on-the-job and off-the-job) their workforce in order to sustain performance.

They set standards and sustains their operations through unique and classic services, training and retraining of their workforce and use consultants for their recruitments in order to select the best hands in terms of education and experience. The two companies realized that for survival, growth and to achieve the expected performance from their employees, training (including formal education) is very paramount. Overall, the companies have good training arrangement, encourages human capital development in order to ensure employee operational excellence and to gain competitive advantages.

It is however, discovered that the problems hindering the operational activities of these companies includes: high cost doing business in Nigeria, high cost of shipping/transportation, state of the economy(recession), grievances which has degenerated into militancy, non-governmental cooperation, poor capacity utilization due to lack of operations caused by the militants, failure to integrate strategies with objectives resulting from unpatriotic and disloyalty on the part of the Militant groups in the area.

5.2 Conclusion

From the foregoing, we therefore concluded that human capital development (HCD) is a sine quo non in ensuring employee performance in these oil companies. This is evident on the positive significant results achieved from the test statistics of the hypotheses. The human capital development elements used in this study are training, employee educational level and employee experience level and it was discovered that all these elements are positively significant and therefore enhances performance.

Conclusively, the result of the analysis showed that these elements of human capital development are the tonic both organizations and employees needs to enhance their potentials that will in turn enhance performance. Therefore, these selected oil companies should invest more in their human capital in order to sustain their survival and maintain their competitiveness in the oil and gas industry.

5.3 Recommendations

It is a fact that in the recent times many organizations have come to realize the role of human capital development programmes as a necessary tool to increase the employee performance.

Based on the findings of the study, we therefore recommend that the studied oil service companies should ensure the following among others:

(1) The investment profile of the studied organizations being tied to human capital development elements like training and retraining (on-the-job and off-the-job) of her human capitals. Also, recruitment of experienced employees and creation of policies that encourages human capital development including formal education should be part of their strategic plans. These will enhance employee performance in achieving organizational goals and objectives.

(2) More proactive performance management system should be adopted. Staff development should be monitored on a regular basis so as to know what strategies are to be adopted or not. Specific information for employee performance appraisal (information system) which is used yearly in the studied companies to assess employee performance should be done twice in a year to keep track of their performances. This assessment should provide a clear understanding of the differences between recent and expected performance, identify the causes of the performance discrepancies and develop action plans to improve performance of the employees through training and development programmes.

(3) Systematic training should be carried out in the studied companies professionally. Identification of training needs should be done in conjunction with the line managers as well as the individual involved with the human resources development. Everyone involved should agree exactly to what the employees are lacking. For instance, what skill is needed and what attitudes need to be changed towards performance.

The needs identified should emanate from the studied companies strategic plan, which also cover departmental/sectional/teams and individual plans. The studied companies should see human capital development as a continuous process for organizational development and survival. Also, a basis for motivation through training including on-the-job and off-the-job will lead to commitment and improved performance. There should be a mutual relationship between the trainer and the trainee as well as a defined, co-ordinated and unbiased performance management system so that the target of the training will be achieved.

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