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INFLUENCE OF HUMAN CAPITAL DEVELOPMENT ON EMPLOYEE PERFORMANCE IN STARLINE NIGERIA LIMITED (SNL), ABA, ABIA STATE, NIGERIA

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ABSTRACT

This study focused on influence of human capital development on employee performance in Starline Nigeria Limited Aba, Abia State, Nigeria. In line with the above, two research objectives, two research questions, and two research hypotheses guided the study. The researchers employed survey research design and questionnaire were used to collect data. The data collected were analyzed using percentages and chi-square. The findings revealed that there is significant impact of training on employee performance; and employee educational level can enhance employee performance in the firm under study. It was therefore recommended that the investment profile of the studied organizations should be 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 and encourages the achievement of organizational goals.

Key Words: Human Capital Development, Employee Performance, Training and Educational Level.

INTRODUCTION

When Nigeria gained its sovereignty from Britain in 1960, the need for improve human capital development so as to empower employees for the achievement of goals of private and public sector organizations became a priority. Since then, both government and organize private sector establishments have made many attempt to enhance human capital. This is because 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 averred (Ibok and Ibanga, 2014). 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, Boxell (2008) 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, Kanji (2017) 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. This paper focused on Starline Nigeria Limited (SNL) as a focal point. The need for using SNL is because the company has shown significant impact in its staff training and employment of highly educated and experience staff.

Historically, the company started as a sole proprietorship in the mid fifties. It began with marketing pharmaceutical products under the name Owunna and Sons Company, founded by Chief (Dr.) Peter S. Owunna (late). Later, it changed to Starline Chemists and Company in 1962 under the leadership of the founder. Before the outbreak of the civil war in 1967, the company became the leaders in the marketing and importation of pharmaceutical products in Nigeria. After the civil war, in 1973, Starline Nigeria Ltd was incorporated. With her enormous trading experience and distributive trade, in the same year she started manufacturing, leading to the establishment of pilot cosmetics factory, and the plastic factory in 1978. On the 4th of December, 1990 the

founder Chife Dr. S. Owunna passed on and Mazi Clement Owunna (MFR) became the CEO/Chairman of Starline Group of companies. Some of their products include African blazer perfume range, air freshner, body splash, body spray, camphor, classic roll on range, creams and lotions, entice perfume range, faidra perfume range, hair care, identical body mist, identical collection perfume, millennial range, nature grade, orchid perfume range, perfumes and special gift packs etc.

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 to be achieved, organizations must consider vital human capital development elements such as training, education level and experience 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 performance especially in influence of human capital development on employee performance in Starline Nigeria Limited Aba, Abia State, Nigeria.

OBJECTIVES OF THE STUDY

The broad objective of this study is to examine influence of human capital development on employee performance. However, the specific objectives of the study are to:

1. examine the extent training enhances employee performance in the organization under study.
2. identify the impacts of employee educational level on employee performance in the organization under study.

RESEARCH QUESTIONS

The following research questions are thus stated below:

1. To what extent does training enhance employee performance in the organization under study?
2. What are the impacts of employee educational level on employee performance in the organization under study?

RESEARCH HYPOTHESES

The following research hypotheses were formulated to guide the study:

H₀₁: Training does not enhance employee performance in the organization under study.

H₀₂: There is no significant impact of employee educational level on employee performance in the organization under study.

CONCEPTUAL ISSUES

Human Capital development

Human capital is the organizational employees with various skills and talents who are committed towards the achievement of the goal of the organization. More so, development is the improvement in the system or in a particular thing. For that, human capital development is all about impacting knowledge and skills to employees of an organization to make them play effective functions for the achievement of the overall goals of the organization. Human capital development refers to the processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee's satisfaction and performance, and eventually add positive values to firm's performance. Bontis (2019) 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. Armstrong (2014) defined human capital development as all abilities whether innate or acquired attribute whose value can be augmented by appropriate development investment to achieve organizational goals.

Davenport (2009) 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 work. 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. Lucey (2016) stated that "human capital is an important input for organizations especially for employees' continuous improvement mainly on knowledge, skills, and abilities." It is "the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being" (Organization for Economic Co-Operation and Development [OECD], 2001: 18; cited in Doucouliagos, 2017). From the contributions of the various scholars of human resources, it is obvious that a number of issues addressed in the development of human capital are varied and inexhaustible in modern enterprise.

Employee Performance

Organizational managers are worried about employee performance - the aggregated commitment and effectiveness of the workers. Performance of employee covers issues relating to employee dedication, extent of employee productivity, outcome of employee job execution, employee focus in solving organizational problems/functions and many more. Employee performance is defined as whether a person executes their jobs, duties and responsibilities well. Many companies assess 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). 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 (Goldstein and Ford, 2012). Continuous employee performance is the focus of any organization because it is only through performance, organizations are able to grow and progress.

The Relationship between Human Capital Development and Employee Performance

Individuals need to enhance their competency and skills in order to be competitive in their organizations. Thus, as the uniqueness of human capital increases, firms have incentive to invest resources into its management and the aim to reduce risks and capitalize on productive potentials. Hence, individuals need to enhance their competency and skills in order to be competitive in their organizations. Training is an important component of human capital development and employee performance (Nordhaug, 2018). This refers to the knowledge and training required and undergone by a person that increases his or her capabilities in performing activities of economic values. The term training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. It forms the core of apprenticeships and provides the backbone of content at institutes of technology (also known as technical colleges or polytechnics). In addition to the basic training required for a trade, occupation or profession, observers of the labor-market recognize today the need to continue training beyond initial qualifications: to maintain, upgrade and update skills throughout working life. People within many professions and occupations may refer to this sort of training as professional development (Green, 2013).

In turn, a greater human capital stock is associated with greater productivity and higher salaries (Mincer, 2017). Apart from training, another aspect of human capital is educational level or qualifications. In view of Onwumelu and Dialoke (2018) there is need for organizations to employ qualified, experience and skilled workers who can work and achieve the goals of the organization. In this case, it is expected that skilled, experienced and higher educational qualified staff will do well more than none-skilled and poorly experience workers. 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, 2008). 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, 2008) re-affirmed. Thus, firms need to understand human capital development that would enhance and improve employee performance.

THEORETICAL FRAMEWORK

Human capital theory

Human capital theory views schooling and training as investment in skills and competences (Schultz, 1993). 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. 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.

EMPIRICAL REVIEW

Chukwuka (2018) studied effect of human capital formation on performance in manufacturing industries in South-East Nigeria. The population consists of 6230 staff of selected manufacturing firms from South-East, Nigeria. The study used the survey approach. The primary sources used were the administration of questionnaire to staff and distributors. The sample size of 358 was determined using Ferund and William formula. 306 copies of the questionnaire were returned and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.88 which was also good. The hypotheses were analyzed using f-statistics (ANOVA) tool. The findings indicated that Knowledge has positive significant effect on product quality $F(95, n = 358) = 2181, P < 0.05$; Skills have positive significant relationship on promoting of innovations $F(95, n = 358) = 381.631, P < 0.05$.

Onwumelu and Dialoke (2018) investigated to impact of human capital development an performance of selected oil service firms in River State, Nigeria. The population of the study was 150, out of which 109 was determine as sample size through the use of Taro Yamane. It used survey, questionnaire and analyze data through mean. Finding revealed that training has a positive impact on employee performance.

Agu (2015) focused on the performance appraisal and growth of government establishments: a study of NIPOST Owerri, Imo State. The study was carried out based on the need to determine the effect of employee appraisal on employee commitment to duty, employee retention, organizational expansion and the level of organizational profitability. In line with the above, four research questions; four research objective and three hypotheses were formulated and used. The researcher employed survey research design and questionnaire served as the instrument of data collection. The data collected were analyzed using simple percentage and hypotheses were tested using Spearman's Ranking Coefficient Correlation. Based on the data analysis, the result revealed that performance appraisal has significant impacts on government establishment, hence it promote revenue generation, employee commitment/input, organizational productivity, and organizational peace and harmony.

Madu (2014) examined the effect of staff training on performance of organization, using First Bank of Nigeria Plc as the focal point. Based on the above, the research formulated four objectives, four research questions and three research hypotheses to guide the study. Survey research design was employed and questionnaire was used as the instrument of data collection. The entire staff of First Bank Nigeria Plc which sums up to 90, made up the population from where 73 staff were sampled. The data collected were subjected to face validity and test retest reliability method. The data collected were presented in tables and analyzed using simple percentage and hypotheses were tested using chi-square. Also, some empirical studies were consulted and analyzed. The findings revealed that there is significant impact of orientation/ induction training on organizational productivity. Also there is significant impact of

on-the-job training on organizational stability and there is no significant effect of job rotation training on organizational profitability.

RESEARCH GAP

From the empirical studies, it could be seen that some past studies covered the dependent variables without the independent variable, while others covered independent variable without dependent variable. Still some were just related. More so, none of the past works did cover the organization under study (Starline Nigeria Ltd). The indices in our objectives were not exactly covered by any of the past researches; hence the originality and need for this paper.

RESEARCH METHODOLOGY

- **Research design:** The research design that is adopted by the researcher is descriptive survey research design.
- **Population of the study:** The population of this study is made up of the management and senior staff of Starline Nigeria Limited Aba, Abia State which is 300 in all (**Source:** SNL, 2021).
- **Sample and sampling technique:** The researchers used taro Yamane method to get a sample size of 171. More so, simple random sampling technique was used.
- **Method of data collection:** In this study, the researchers used the questionnaire to collect data.
- **Validity and reliability test:** The researchers used face validity method, and test retest reliability.
- **Method of data analysis:** Data from questionnaires were collected and organized through the use of frequency tables and simple percentage. Simple percentage was used to analyze the opinion of respondents on specific questions. More so, the hypotheses were tested using chi-square statistics.

DATA PRESENTATION AND ANALYSIS

It should be noted here that, out of the 171 questionnaires distributed to the sampled population, only 170 were properly filled and returned.

Table 1: Training has any significant impact on employee performance.

Options	No. of Respondents	Percentage (%)
Agree	127	74.7
Disagree	43	25.3
Total	170	100

Source: survey data

From the above table, 74.7% of the respondents agreed that training has any significant impact on employee performance while 25.3% of the respondents disagreed.

Table 2: Effective manpower planning encourages employee performance

Options	No. of Respondents	Percentage (%)
Agree	100	58.8
Disagree	70	41.2
Total	170	100

Source: survey data

From the above table, 58.8% of the respondents agreed that effective manpower planning encourages employee performance while 41.2% of the respondents disagreed on the view.

Table 3: Employee education level has significant impact on performance of workers.

Options	No. of Respondents	Percentage (%)
Agree	129	75.9
Disagree	41	24.1
Total	170	100

Source: survey data

The table above showed that 75.9% of the respondents agreed that employee education level has significant impact on performance while 24.1% of the respondents disagreed.

Table 4: Organizational growth and stability can be achieved through effective manpower education

Options	No. of Respondents	Percentage (%)
Agree	100	58.8
Disagree	70	41.2
Total	170	100

Source: survey data

The table above showed that 58.8% of the respondents agreed that organizational growth and stability can be achieved through effective manpower education while 41.2% of the respondents disagreed.

TESTING AND INTERPRETATION OF HYPOTHESIS

Restatement of Hypothesis One

H₀₁: Training does not enhance employee performance in the organization under study.

To test hypothesis one, data in table 1 and 2 were used.

Table 5: Observed Frequency

Options	No. of Respondents		Percentage (%)
Agreed	127	100	227
Disagreed	43	70	113
Total	170	170	340

Source: Based on data in table 1 and 2

$$\Sigma = \frac{\text{row total} \times \text{column total}}{\text{Grand total}}$$

$$E_{1,1} = \frac{227 \times 170}{340} = 113.5$$

$$E_{1,2} = \frac{227 \times 170}{340} = 113.5$$

$$E_{2,1} = \frac{113 \times 170}{340} = 56.5$$

$$E_{2,2} = \frac{113 \times 170}{340} = 56.5$$

Table 6: Computation of chi-square (χ^2) $\frac{\sum(O_i - E_i)^2}{E_i}$

Observed Frequency (O _i)	Expected Frequency (E _i)	O _i – E _i	(O _i – E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
127	113.5	13.5	182.25	1.61
100	113.5	-13.5	182.25	1.61
43	56.6	-13.5	182.25	3.23
70	56.6	13.5	182.25	3.23
340				9.68

X² calculated =9.68

At 5% level of significance, degree of freedom (df) is (row – 1) x (column – 1), which is (2 – 1) x (2 – 1) = 1

X² tabulated at 5% level of significance, degree of freedom 1 = 3.84

Decision Rule

Since X² calculated is greater than X² tabulated that is 9.68>3.84, we will reject the null hypothesis and accept the alternative, and hence conclude that training enhances employee performance in the organization under study.

Restatement of Hypothesis Two

H₀₂: There is no significant impact of employee educational level on employee performance in the organization under study.

Here, data in table 3 and 4 were employed to test the hypothesis two.

Table 7: Observed Frequency

Options	No. of Respondents		Percentage (%)
Agreed	129	100	229
Disagreed	41	70	111
Total	170	170	340

Source: Based on data in table 10 and 13

$$\sum = \frac{\text{row total} \times \text{column total}}{\text{Grand total}}$$

$$E_{1,1} = \frac{229 \times 170}{340} = 114.5$$

$$E_{1,2} = \frac{229 \times 170}{340} = 114.5$$

$$E_{2,1} = \frac{111 \times 170}{340} = 55.5$$

$$E_{2,2} = \frac{111 \times 170}{340} = 55.5$$

Table 8: Computation of chi-square (χ^2) $\sum \frac{(O_i - E_i)^2}{E_i}$

Observed Frequency (O_i)	Expected Frequency (E_i)	$O_i - E_i$	$(O_i - E_i)^2$	$\frac{(O_i - E_i)^2}{E_i}$
129	114.5	14.5	210.25	1.84
100	114.5	-14.5	210.25	1.84
41	55.5	-14.5	210.25	3.79
70	55.5	14.5	210.25	3.79
340				11.26

χ^2 calculated = 11.26

χ^2 tabulated at 5% level of significance, degree of freedom 1 = 3.84

Decision Rule

Since χ^2 calculated is greater than χ^2 tabulated that is $11.26 > 3.84$, we will reject the null hypothesis and accept the alternative, and hence conclude that there is significant impact of employee educational level on employee performance in the organization under study.

DISCUSSION

This work discovered that training enhances employee performance in the organization under study. In this case, training is one of the basic ways of achieving improve skills, competency and effectiveness of employees (Madu, 2014). For that there is need for regular employee training and development in organizations.

This study discovered that there is significant impact of employee educational level on employee performance in the organization under study. A major reason for poor performance of employees in organization is poor educational qualification, poor experience, and lack of professionalism (Onwumelu and Dialoke 2018). When employees are well qualified for the job they do, performance will increase.

CONCLUSION

The human capital development elements used in this study are training, and employee educational level/employee experience level and it was discovered that all these elements are positively significant and therefore enhances performance of employee. 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.

RECOMMENDATIONS

Based on the findings, the following recommendations were made.

1. The investment profile of the studied organizations should be tied to human capital development elements like training and retraining (on-the-job and off-the-job) of her human capitals.
2. 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.
3. 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.

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