

CHAPTER SEVEN

Dynamics of Human Capital Development and Training in the 21st Century

P. B. Abu *and* F. A. Akinkunmi

Introduction

Development generally is the continuous upgrading of knowledge in accordance with the challenges confronting an individual, community or a country. However, it involves both physical and mental abilities, although it is not peculiar to human being alone but also the structural improvement of an organisation or community. It is pertinent to note that human being at every stage of life needs to seek and acquire additional knowledge that can make such person relevant not only at his workplace but also within the society. In view of this, Pearson (1992) said that development involves an improvement qualitative, quantitative or both in the use of available resources moreover, it does not refer to one particular perspective on social, political and economic betterment rather, it is a hybrid term for a myriad strategies adopted for advancement. Moreover, the community or nation at all times also deserve some kind of upgrading that could also make it worth living, although this can occur in diverse dimensions; socially, politically, educationally, economically and so on. Some scholars see development as synonymous to training and education to the extent that many scholars use them interchangeably. It is important to specify that where there is stagnancy that is, there is little or no effort to upgrade and acquire new ideas, skills, experience, and even attitude, little can there be achievement of purposes to such an individual, organisation and the community at large. Development does not occur freely or accidentally, but rather people must devote more time and pursue it vigorously with all sincerity.

It is a must take step in the life of every individual, organisation, community and the whole nation where there are intentions toward gaining or accomplishing the competitive advantage and realise the importance of development in the context of effectiveness and efficiency

in performance of people. According to Amir and Amen (2013), managers are trying their best to develop employee's capabilities, ultimately creating good working environment within the organisation. For the sake of capacity building, managers/leaders are involved in providing effective, and adequate training programmes for their employees to build and equip them with the desired knowledge, skills and abilities to achieve organisational goals.

Complexity has dominated industrial and business organisations nowadays with no exception of any nation, and has been occupied by changes arising from so many factors. Some of these changes have posed new learning tasks for industrial organisations. To survive, special preparations have to be made for workers to meet the complexity (Omole, 1999). In addition, change in the management techniques is not excluded because a technique which was able to satisfy certain organisational structure sometimes ago may not be adequate to meet the taste of time. One can deduce from the above that training and development are somehow interwoven but succinctly, development is a product of training.

The rapid development of the human capital development (HCD), has led to greater attention being paid to training. HCD is any activities which can lead to improvement in the quality of productivity of the workers thus, training is a key component of HCD. Therefore, this chapter is set to expatiate the importance of developing human being by inculcating appropriate skills, knowledge, idea, attitude and innovations through training programmes.

Concept of Development

Development is a universal language that aims to make conditions that lead to realisation of the potentials of human personality. It is the improvement that occurs to an individual, organisation or community as a result of providing adequate and effective intervention to the people concerned in order to enhance wealth and improve people's lives. Jair and Rogerio (2008) explained development as a process of evolutionary succession in stages, where human societies leave a rudimentary model until they arrive at a western industrialised civilisation consumption model, which is considered unique and universal. It is the process of migrating from the old ways of doing things to a current fashion.

A consistent and steady progress of every individual, group of persons,

organisation and community depend largely on the ability to identify the need gap and fill it by investing reasonably on the relevant developmental programmes. According to Ribeiro (2005: 11), development has multi-faceted approach and covered several areas like knowledge, process, well-being, progress, economic and human growth or ecological balance, however, it is only developed minds that is capable of setting the population free from exploitations. United Nations Development Programme (UNDP) (1991: 77) viewed development to be expansion of range of choices for the population that allows it to become more democratic and participatory in decision, and enjoyment of human, economic and political liberties. It could be regarded as the application of new ideas, innovations, techniques and so on, to practical problems, the process of transforming from previous statue to a better and advance stage.

Development is a systematic process of training and growth in which an individual gain and apply knowledge, skill and attitude to manage work organisation effectively (Krietner, 1995). However, development is not something that one can be waiting for, but rather, it is something that people must seek for at all times. Julius Nyerere (1969) said that “we cannot continue to wait for our children for development, if we do, development shall elude us for a long time”. This statement clarified the fact that development is not something that an individual, organisation, community or nation can be expecting to occur surprisingly but rather, should begin the process of achieving it immediately. Olaniyan and Ojo (2008) confirmed that the need for improved productivity has become universally accepted and that it depends on efficient and effective training.

Since training is a systematic development, knowledge, skills, attitudes, it therefore inevitable the moment an organisation realises the need for improvement and expansion in the job, most especially when organisations embark on job enlargement and enrichment, there must be room to promote employees’ morale, motivation and satisfaction when the real problem with work performance lies in capacity development. Nadler (1984: 1-16) maintained the view that all the human resource development activities are meant to either improve performance in the future or on the present job of the individuals and organisation so as to be able to enhance organisations’ current and future objectives.

Human Capital Development in Nigeria

Many nations are making efforts to address human resource development

challenges and any existing mismatch between the skills and technical knowledge of their secondary and post-secondary education graduates and the needs of the labour market. For development to take place, it is necessary that economic growth is thought of in the scope of a social project connected to society's well-being. Development can be commonly attributed to the concept: efficiency, equity and liberty. Each one of these qualities, even if they are conceptually separate, is still associated to three distinct planes: efficiency has an economic dimension in view, equity a social purview, and liberty which is for political purpose (UNICAMP, 2005).

Human capital development (HCD) has been described as an end to development. It is a means of fulfilling the potentials of people by enlarging their capabilities and this necessarily implies empowerment of people, enabling them to participate actively in their own development (Sankay, Ismail and Shaari, 2010). The concept of human capital refers to the abilities and skills of human resources of a country, while human capital formation refers to the process of acquiring and increasing the number of persons who have the skills, education and experience that are critical for economic growth and development of a country. Glyfason (2001) averred that education and health are essential in human capital development. Education enhances economic development and improves people's lives in many ways: increase efficiency, foster democracy, and therefore create good conditions for quality governance, enhance quality of services provided and improve the health care system. There is a strong link between educational levels and individual earnings, output levels and productivity (Ramey and Ramey, 2004). Effective investment in human capital is a key component of long run economic growth and improved productivity. In support of this fact the United Nations Development Programme (UNDP) argued that development should focus on investment in human capital which should be seen in the light of how the economy is managed and wealth is distributed for the benefit of people.

There is empirical evidence that human capital development always lead to desire growth and development of not only the trained but also the organisations, communities and countries that give priority, prompt attention and adequate training to its people. Ding and Field (2005) affirmed that low growth in the economy may be due to a high level of resource dependence that is due to poor development of human capital. Behbudi, Mamipour and Karami (2010) posited that natural resources are damaging for economic growth in organisations, communities and

countries with low levels of human capital, while organisations, communities and countries with poor natural resources but does not neglect the fact that high level of education and training can offset the negative effect of natural resources on economic growth and development.

The Human Capital Theory

The human capital theory was propounded by Adam Smith (1976). It is an investment in human beings within an organisation. Human capital theory is the most influential economic theory of western education, setting the framework of government policies since the early 1960s. It is a key determinant of economic performance. Recent challenges such as globalization, technological evolution and several others have made organisations and even countries to look for new ways to maintain competitive advantage. And with this, people are becoming valuable assets and have made them to be recognised within the frame work of human capital (Kwon 2009). Human capital deals with the developing employees' skills and knowledge, that is, skills acquisition, education and training. According to Babalola (2003) the rationale behind investing in human capital is based on three arguments:

- (1) That the new generation must be given the appropriate knowledge that has been acquired by the previous generations
- (2) The new generation should be taught the new knowledge and how to use it
- (3) People should be encouraged to earn some new ideas, products methods to mention just few.

This theory emphasises how training increases the productivity and efficiency of workers in organisations that cares by increasing the level of cognitive stock of economically productive human capability and this is a product of innate abilities and investment in human beings. Almendarez (2011) argued that human development is the enlargement of human capabilities, where the strategy is to promote investment in the development of people through education, skills, work productivity and creativity for any organisation. For investment to grow, human capital must be trained, educated and developed within the system of the society.

Human Capital Development and the Promotion of Training

It is evident that the most needed mechanism to accomplish efficient

performance and productivity in organisation is training. It has the capability to help modify employees' attitude and behaviour, make them adaptive and responsive to changes within and outside their working organisation so that effective and efficient performance standard can be realised (Kester, Adigun and Boyede, 2009). Every organisation needs adequate and relevant training in order to attain optimum level of organisational goal achievement. Obviously, training is essentially vital and unavoidably necessary organisational activity that is required to move organisation forward.

However, investing in training is definitely a sure way of ensuring that the employees understand, support and use whatever new technology or changes the management is introducing. It helps the employees to apply their newly acquired skills and knowledge to the job situation in such a way to aid in the attainment of desired organisational goals. There are several potential individuals and organisational benefits derivable from training programmes.

Kester, Olajide and Ogidan (2010) affirmed that though training is expensive, it has a considerable influence on organisational cost however, the moment an organisation painstakingly does it appropriately and complete the training programme, the performance and productivity of the employee undergoing the training programme is expected to increase. And if this occurs, the benefits of training will begin to accrue to the organisation due to an increase in employee's output and productivity.

Training is a planned and systematic effort that aimed at altering behaviour of people in a direction that will achieve organisational goals. It is a deliberate action by oneself or organisation to provide opportunities for the trainee to acquire job-related skills, attitudes and knowledge. It is a systematic modification of behaviour through learning events, activities and programmes which result in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively (Gordon 1992: 235)

Training is mainly concerned with the acquisition and development of those knowledge, skills, ideas, attitudes, techniques and experiences which enable an individual to contribute most effectively to the group or team effort. It is the process of improving the present or future competence of an individual with a view to improving the competence of the team, group or organisation, thereby serving a dual purpose. It is quite obvious that the consequence of training on both the trained and the organisation

need not to be over-emphasised.

The trained employees' earning power can further be enhanced as a result of the training received, moreover, he/she becomes knowledgeable in the specific area they trained on. This is so because better educated and highly skilled employees stand a better chance of being well remunerated, in addition to this, they have better career prospects when compared with ill-educated and semi-skilled workers, while the organisation stand a better chance of more devotion and improved productivity (Omole, 1999).

It is pertinent to note that any organisation that invests in training, its employees are rest assured that there must be something in return, it is expected to get some tangible benefits from it particularly in skill acquisition and behaviour modification that will lead to improve performance. Suffice it to say that the fundamental objective of any training programme is to yield positive result in terms of bringing about desired change in employees' attitude and behaviour with improved performance on the job and ultimately to improve the overall effectiveness of the organisation (Beach, 1980; Cascio, 2003; Kester, Adigun and Boyede, 2009).

According to McNamara (2011) training of personnel should be initiated for a variety of reasons, which include an indication that performance improvement is needed, as part of an overall professional and human resources development programme in an organisation. It could also be initiated to ensure effective succession planning, pilot testing of new performance management system and for 'benchmarking' the status of improvement during a performance improvement effort in organisations. It is therefore a good policy for organisations and agencies to invest in the development of not only new employees' skills but also of old workers as well, to help them adjust rapidly to changing job requirements.

Based on the above, it has been widely recognised that training should be a core corporate function to contribute proactively towards the attainment of organisational objectives (Lather and Sharma, 2009). Regardless of the type of training an employee acquired, it is general consensus that training obviously impact on an individual as well as organisational success. It is therefore imperative for organisations to understand the impact of training on the overall development and growth of the organisations. The more organisations begin to realise the importance of training, the more the investment in training will continue to grow (Frazis, Gittleman, Horrigan and Joyce, 1998; Brum, 2007).

Whichever training programme an employee received, be it general or specific, such effort should have wide-reaching impacts on both the employees and the organisation. In the view of Kester, Olajide and Ogidan (2010) training should be used as a socialisation process that encourages the organisation and employees in building and developing culture of identification with the organisation. Mayhew and Pack (2000) therefore posited that training and development is an important avenue for determining how employees feel about their jobs and organisations. This was corroborated by Brum (2007) who asserted that training that attempts to increase employee's satisfaction and commitment may serve to counter the numerous direct and indirect costs associated with turnover.

It is therefore not an exaggeration to assert that the entire definitions of training given in this paper indicated the main purpose of training which the intention is to increase competence and negotiate transitions in the social, political and economic roles and to help them achieve greater fulfilment in their personal and organisational endeavours.

There are several types of training programmes that can be given to employees and even the manager of an organisation amongst these are:

Instructor-led training, e-Learning, simulation employee, hands-on, coaching or mentoring, lectures, group discussion and activities, role playing, management specific activities, case studies and so on. However, it is mandatory to diagnose exact area of training need before eventually engaging in it, otherwise, it may not solve the organisational need at that particular point in time, although no knowledge is wasted, it could be useful in some other areas.

Many scholars have unveiled that training is no doubt the best antidote for any organisations' development.

In the view of Cole (2001), the main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. It is one of the most important potential motivators which can lead to both short and long term benefits for individuals and organisations. There are so many benefits associated with training and some of them are:

- (1) Lower cost of production – training eliminates risks because trained personnel are able to make better and economic use of material and equipment thereby reducing and avoiding waste;
- (2) Lower turnover – training brings a sense of security at the workplace which in turn reduces labour turnover and

- absenteeism is avoided;
- (3) Change management – training helps to manage change by increasing the understanding and involvement of employees in the change process and also provide the skills and abilities needed to adjust to new situations;
 - (4) Provide recognition, enhance responsibility and the possibility of increment in payment and promotion, help to improve the availability and quality of staff in the workplace.

Conclusion

It should be emphasise and made clear that there is no alternative means to achieve organisational development aside from effective training of the human resource in the system. The need for training and upgrading knowledge of personnel in an organisation is an undisputable reality. Both the leaders/managers as well as the employees are facing serious challenges particularly in the present organisational dynamism which is seriously demanding for new knowledge, ideas, innovations that make an organisation fit to compete in the global realm. Ensuring and prioritising training will help to produce competent personnel who can fulfil the organisational and societal goals, so also enhance performance capability among subsequent generations. For literature has authenticated that training is an instrument capable of achieving organisational effectiveness, liberation, performance and efficiency. Organisations should, therefore, endeavour not to look at the cost implication of training their employees appropriately but also pay more attention to the values benefits and contributions of training to the progress and development of their investments, the management and also the trained staff as well as the entire work organisation generally.

References

- Almendarez, L. (2011). Human Capital Development: Implications for Educational Development. Retrieved from <http://www.open.uwi.edu/sites/default/files/bncode/belize/conference/papers2010/almendarezhtml>
- Amir, E. and Amen, I. (2013). The effect of Training on Employee Performance: *European Journal of Business and Management*: ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online), Vol. 5, No. 4.
- Babalola, J. B. (2003). Budget Preparation and Expenditure Control in

- Education. Basic Text in Educational Planning, Ibadan: Awemark Industrial Printers.
- Beach, D. S. (1980), *Personnel: The Management of People at Work* (4th Ed.) New York: Macmillan Publishing Co. Inc.
- Behbudi, D. Mamipour, S. and Karami, A. (2010), "Natural Resource Abundance, Human Capital and Economic Growth in the Petroleum Exporting Countries". *Journal of Economic Development*, Vol.35, No. 3.
- Brum, S. (2007). What Impact Does Training Have on Employee Commitment and Employee Turnover? *Schmidt Labour Research Centre Seminal Research Series*, University of Rhode Island.
- Cascio, W. F. (2003). *Managing Human Resources Productivity, Quality of Worklife, Profits* (International Ed.) Boston; McGraw-Hill
- Cole, G. A. (2002). *Personnel and Human Resource Management*. 5thEdn., Continuum London: York Publishers.
- Ding, N. and Field, B. C. (2005). "Natural Resource Abundance and Economic Growth". *Land Economics*, Vol. 81, No. 4, pp. 496-502.
- Economic Review*, Vol. 45, pp. 847-859. *International Journal of Developing and Economic Sustainability*, Vol. 6, No. 2, pp. 41-51, April 2018. Published by European Centre for Research Training and Development UK (www.eajournals.org) 51 ISSN: 2053-2199 (Print), ISSN: 2053-2202(Online).
- Frazis, H. J., Gittleman, M., Horrigan, M. and Joyce, M. (1998). Results From the 1995 Survey of Employer Provided Training. *Monthly Labour Review*. 121 (6:) 3-13 *International Journal of Developing and Economic Sustainability*, Vol.6, No.2, pp. 41-51, April 2018. Published by European Centre for Research Training and Development UK (www.eajournals.org)41ISSN: 2053-2199 (Print), ISSN: 2053-2202 (Online).
- Gordon, B. (1992). Are Canadian Firms Under Investing in Training? *Canadian Business Economics*, 1(1), 25-33.
- Kester, K. O., Adigun, A. O. and Boyede, M. A. (2009). Training and Improved Workers' Performance: Does Burnout Make a Difference? *International Journal of Continuing and Non- Formal Education*, Vol. 6, No. 1 (pp. 20-32) ISSN: 0795-1389.
- Kester, K. O., Olajide, M. F. and Ogidan, O. T. (2010). Influence of Training on Organisational Commitment and Job Satisfaction Among Local Government Based Adult Education Officers in Oyo State, Nigeria: *International Journal of Continuing and Non- Formal Education*, Vol. 7, No. 1 (pp. 54-69) January-June 2010.
- Krietner, S. (1995). *The Good Manager's Guide*. 1st Edn., London: Synene Publishers.

- Kwon, D. B. (2009). Human Capital and its Measurement. The 3rd OECD World Forum on “Statistics, Knowledge and Policy” Charting Progress, Building Visions, Improving Life Busan, Korea – 27-33 October, 2009.
- McNamara, C. (2011). Employee Training and Development: Reasons and Benefits. [http://www. Managementhelp. Org/trng dev/basics/reasons.htm](http://www.Managementhelp.Org/trng dev/basics/reasons.htm)
- Nadler, L. (1984). The Handbook of Human Resource Development. New York: John Wiley and Sons.
- Olaniyan, D. A. and Ojo, L. B. (2008). Staff Training and Development: A Vital Tool For Organisational Effectiveness. *European Journal of Scientific Research*, 24(3):326-31
- Omole, M. A. L. (1999), Industrial Education and Human Resources Development: Published by Alafas Nigeria Company, Ibadan; ISBN 978-33651-3-4
- Pearson, R. (2000). “Rethinking Gender Matters in Development” in Allen, T. & Thomas, A. (eds.). *Poverty and Development into the 21st century*. Oxford: Oxford University Press.
- Ramey, C. T. and Ramey, S. L. (2004) “Early Learning and School Readiness: Can Early Intervention Make a Difference?” *Merrill Palmer Quarterly* Vol. 50, pp. 471-491.
- Ribeiro, M. T. F. (2005). *Notas de Aula do curso de doutoradoem Administracao (Notas de Aula)*. Escola de Administracao, Universidade Federal da Bahia, Salvador, Bahia Brasil.
- Rosenwald, M. (2000). Working Class: More Companies Are Creating Corporate Universities to Help Employees Sharpen Skills and Learn New Ones. Boston Globe, H1.
- Sankay, O. J., Ismail, R. and Shaari, A. H. (2010). The Impact of Human Capital Development on the Economic Growth of Nigeria”. *Prosiding Perkem V*, Jilid, 1, pp. 63-72.
- Universidade Estadual de Campinas (2005). *Índice DNA-Brasil*. Retrieved January 25, 2006, from <http://www.dnabrasil.org.br>