



# **Human Capital Development and Organizational Productivity in Selected Manufacturing Firms South-East**

**ANOSA, Izunna Chukwunonso**

**Department Of Business Administration,  
Faculty of Management Sciences,  
Chukwuemeka Odumegwu Ojukwu University, Ibariam Campus Anambra State, Nigeria**

## **ABSTRACT**

This work examined human capital development and organizational productivity in selected manufacturing firms South-East, Nigeria. The study specifically is designed to determine the effect of training and development, employee engagement, knowledge and learning capacity on organizational productivity. Relevant conceptual, theoretical and empirical literature was reviewed. This study is grounded on Resource Based View and Human Capital Theory. Survey research design was adopted. The study was carried out in South East, Nigeria. The population of study 1229 comprises of the management staff, senior staff and junior staff of the fifteen selected manufacturing firms in South-East of Nigeria. The sample size for the study was 302 using statistical formula devised by Taro Yamane (1964). Data was source for Primary sources. The major instrument used in this research was questionnaire. Face and content validity was used in validating the research instrument. Test –retest through pilot study and Cronbach Alpha was employed to ascertaining the reliability of the instrument. The result revealed a Cronbach Alpha value of 0.7and 0.8 which is within acceptable threshold. The tools that were used in analyzing the data collected include simple percentages, and T-statistics analysis. The study found that training and development has a significant positive influence on organizational productivity. Employee engagement has a significant positive effect on organizational productivity. Knowledge accessibility has a positive significant influence on organizational productivity. Learning capacity does not have significant negative effect on organizational productivity Therefore, the study conclude that human capital development has a significant positive effect on organizational productivity. The study recommends that employer should have compulsory training programmes for all employees in order to improve the knowledge and understanding of annual business strategy and objectives to improve organizational productivity. Employee engagement should not be understood as a one-time exercise but it should be integrated in the culture of the work place and embedded in its policies and procedures. Management a need to consider the staff and their job assignment to knowledge accessibility in other to improve organizational productivity through compulsory training programmes for all employees in order to improve the knowledge and understanding. Organizational must devise clear and firmly established plans and programs to help and encourage employee to acquire organizational learning capacity and to increase knowledge acquisition and preventing the deterioration of the employees knowledge, some special programs must be designed to train them based on their field of expertise.

**Keywords:** Training and Development, Employee Engagement, Knowledge Accessibility and Learning Capacity

## **INTRODUCTION**

Human capital has long been recognized as one of the imperative resources that can create competitive advantages for firms (Barney, 1991; Wright, Dunford, and Snell, 2001). Human capital can enhance firms' capabilities of discovering and exploiting business opportunities and then can help them attain innovation, speed, flexibility, and adaptability. Even more importantly, when firms face turbulent and dynamic markets, human capital plays a more crucial role in achieving success (Datta, Guthrie, and Wright, 2005; Unger, Rauch, Frese, and Rosenbusch, 2006). Expanded from the resource-based view arguments, a knowledge-based view of a firm considers knowledge as the most

important resource to help a firm gain sustained competitive advantages (Eisenhardt, and Santos, 2002). Acquiring talent from outside increases the heterogeneity of the knowledge of a firm. This is particularly important for sustainable differentiation. Prior studies suggest that acquiring talent from outside can lead to looked-for human capital, develop product innovation reach new information (Rule and Irwin, 2008), and absorb managerial skills (Penrose, 1980). Acquiring valuable human capital externally is even more essential when desired human capital may not be sufficiently developed from within. Thus, although most of the strategic human resource management literature still strongly advocates the argument of internalization of human capital development, acquiring talent externally is becoming a leading issue in human resource (HR) management, which no firm can ignore (Lepak and Snell, 2009).

This realization of the value of human resources has led to the proposal by experts that they should be classified as “assets”, hence the term “human capital” (Anderson, 2005). To get the best out of the human resources in an organization, there must be substantial and meaningful investment on them. Organizational objectives such as profit maximization, large market share, and fulfilling social responsibility cannot be achieved without an efficient work-force. Therefore, human capital development is essential for sustainability and growth of an organization. It is thus us, being realized now that the forces that give life to an organization are the human energy and creativity operating therein (Onodugo, 2000). Thus, no matter how good and sophisticated capital and technology may be, it is of little relevance to the organization’s goal when managed and operated by underdeveloped human resources. They do not only lack capacity but also the motivation to use other resources efficiently towards the organizational ends (Ugbaja, 2005). In some organizations, only individuals who have acquired skills on specific jobs are employed. But in others, individuals are employed to be developed on- the -job as required by the organization. In this case, it is believed that the individual, through training and development programmes, will acquire the skill and knowledge required for effective productivity of the job (Nwatu, 2006). However, human capital development must be based on the need rather than meeting the requirements of the organization. Such requirements must be accurately defined and the development programme should be organized to exploit the potentials of the employee or to correct the deficiencies in the level of their productivity (Ugwunna, 2007).

Today, the business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and changing demand of customers and the environment generally. Business organizations, especially the banking institutions, operate in a complex and competitive market characterized by innovative changes. As a result, human capital in these banks ought to be kept abreast with the continuous changes in the banking environment (Isichei, 2006). Thus includes internal and external banking environments. In order to be competitive and keep afloat, human capital development should be on a continuous basis. In other words, bank employees should be trained and re-trained continuously and adequately motivated in order to stimulate high productivity as this is one sure way to make the business profitable, growing and self-sustaining (Ajunwa, 2005). As has been observed and stressed in the financial sector, the ever-improving information and communication technology and demands of stakeholders have engendered keen competition, thus giving rise to the need for well trained and retrained human capital. With the continuous improvement in human capital in response to the changing business environment, over time this will lead to growth and sustainability. Thus, the critical success factor of business organization is to have a pro-active human capital which can anticipate the future and adjust in advance to ensure continuous high productivity which would ultimately lead to growth and sustainability. The onus therefore lies with management to put in place an appropriate and efficient mechanism for human capital development (Osemene, 2007).

James (2009) contends that “human capital is a wealth of knowledge, habits and personality attributes that includes creativity enshrined in individuals to perform a task in order to produce result. Therefore, human capital is a collation of resources that consist of experience, intelligence, skills, knowledge etc that are possessed by individual”. Agha (2014) confirms that the “employment of academically qualified workers in a given organization is the inception of sustainable human capital development. Human capital according to Oforegbunam, Ebiringa and Okorafor (2010) has increasingly become an indispensable index considering the dynamic nature of business environment to the point that development of such capacities especially through training has therefore emerged as a necessary requirement in preparing a long-term strategic plan of the organization. Marimuthu,

Arokiasamy and Ismail (2009) define human capital development as a sustained strategy for enhancing employee job productivity to achieve a competitive advantage in the changing business environment". Thus, organizations strive to optimize their workforce through comprehensive human capital development programmes in order to take abreast of its environment with respect to improved technologies, innovations and market economies. This, however, will enable the organizations to achieve and sustain greater operational effectiveness and efficiency that will afford them greater leverage for success (Grey, 2005).

Furthermore, the effectiveness of these practices seems to vary across contingencies. This study empirically examines two contingencies. The first contingency is environmental turbulence because the ability to exploit external knowledge is more critical when a firm tries to engender its competence to address environmental rapid change (Cohen and Levinthal, 1990). The second contingency is the knowledge-sharing climate within a firm, which may influence the extent with which the knowledge held by individuals can be passed to others for its value to be appropriated and leveraged (Cabrera and Cabrera, 2005). Therefore, we sought to fill this research gap by examining empirically the effects of human capital development on two different aspects of organizational productivity, and market productivity, and by discussing the implications of these practices on both types of productivity.

### **Statement of Problem**

Human capital development practices and processes face several problems that inhibit their effectiveness for organizational development and sustainability. Firstly, the inability of Human Resource Managers to properly identify and determine training and development needs is a serious human capital development problem as it not only leads to under development of employees but also under-selection of employees for training. Human Capital Management is a key business initiative in the present globalized market place. Without insight into workforce and talent needs, organizational productivity suffers. To align with critical and emerging business goals and metrics, the banking industry has to ensure that human resource has a strong understanding of the organization's emerging and core business issues and key metrics and productivity indicators to determine what human resource related data will be most useful in aligning and driving business productivity (Global Human Capital Trend, 2014). According to Cedar Crestone (2012), organizations with workforce management applications have higher operating income growth. The organization's success hence relies heavily on human capital management drivers, which includes: leadership practices, employee engagement, knowledge accessibility, workforce optimization and learning capacity. Therefore this study examined the effect of human capital on organizational productivity in south east, Nigeria.

### **Objectives of the Study**

The general objective of this research work is to investigate the effect human capital development and organizational productivity. The specific objectives are to:

1. Determine the influence of training and development on organizational productivity
2. Examine the effect of employee engagement on organizational productivity
3. Assess the influence of knowledge accessibility on organizational productivity
4. Investigate the effect of learning capacity on organizational productivity

### **Research Questions**

1. To what extent does training and development influence organizational productivity?
2. To what extent does employee engagement affect organizational productivity?
3. To what degree does Knowledge accessibility influence organizational productivity?
4. To what extent does learning capacity affect organizational productivity?

### **1.5 Hypotheses**

Ho<sub>1</sub>: Training and development has no significant influence on organizational productivity

Ho<sub>2</sub>: Employee engagement has no significant effect on organizational productivity

Ho<sub>3</sub>: knowledge accessibility has no significant influence on organizational productivity

Ho<sub>4</sub>: Learning capacity has no significant effect on organizational productivity

## **REVIEW OF RELATED LITERATURE**

### **Conceptual Framework**

#### **Human Capital Development**

The term 'human capital' is defined by Bontis (2001) as a combination of the following four factors: genetic inheritance; education; experience; and attitudes about life and business. Hines, (2000) defines

it as the combined knowledge, skills, innovativeness and ability of the company's individual employees to meet the task at hand. It obviously includes intangibilities such as the company values, culture and philosophy. A logical deduction is that when an enterprise educates its employees, it increases its human capital. This does not mean that the company will have more control over its assets. Edvinsson, (2007) states in a free society that enterprise cannot own, only rent, its human capital. Seviby (2008) argues that people should be seen as the “only true agents in business; all tangible physical products, assets as well as the intangible relations, are results of human action and depend ultimately on people for their continued existence.

Ahangar (2011) sees human capital is recognized as the largest and the most important intangible asset in an organization which ultimately provides the goods and/or services that customers require or the solutions to their problems”. It includes the collective knowledge, competency, experience, skills and talents of people within an organization. It also includes an organization’s creative capacity and its ability to be innovative. Although investment in human capital is growing, there is still no standard measure of its effectiveness in companies’ balance sheets. Structural capital is the supportive infrastructure for human capital. It is the capital which remains in the factory or office when the employees leave at the end of the day. It includes organizational ability, processes, data and patents. Unlike human capital, it is company’s’ property and can be traded, reproduced and shared by, and within, the organization (Ahangar, 2011). Relational capital is a company’s relationship with its customers and with its network of suppliers, strategic partners and shareholders. These elements of intellectual capital (IC) are summarized in the definition of CIMA (2001) IC is the possession of knowledge and experience, professional knowledge and skill, good relationships, and technological capacities, which when applied will give organizations competitive advantage. Human Capital consists of the skills, competencies and abilities of individual and group (Stewart, 1997). Boujelbene and Affes (2013) interpret human capital as “employee values creating potential depicted in the knowledge competencies, skills, experiences, abilities and talent of firms employees and managers. Human capital captures knowledge, professional skill, experience and innovativeness of employees within an organization. According to Rastogi (2000) as cited by stiles and Klvisaechana (2008) the concept and perspective of human capital stems from the fact that “there is no substitute for knowledge and learning, creativity and innovation, competences and capabilities and that they need to be relentless pursued and focused on the firms’ environmental context and competitive logic. Nielson, Bkhl, Johasen, and Gormen (2006) submit that human resources capital is the core of IC components and they include skilled staff, knowledge and management philosophy the company’s’ productivity has been affected. Wikipedia defines human capital as a way of defining and categorizing peoples’ skills and abilities as used in employment and as they otherwise contribute to the economy. Schmidt (2004) defines human capital as a form of intangible assets that creates future economic value, which include the competencies of front-line employees and the organizational capabilities.

Human capital according to Mustapha, (2005) consists of knowledge, skills, dexterity and personality attributes that enable individual to perform a particular task in an attempt to produce goods and services that have economic value to the people. For effective and efficient human capital development organizations must place concerted efforts in training its employee’s to take abreast of its changing business environment for improved job productivity in organization (Mustapha, 2005). The trend in technology and market economies however, emphasizes the need for organization to find ways of developing and mobilizing the intelligence, knowledge and creative potential of human capitals in an attempt to meet the demands of the environment.

John, (2000) sees human capital as a compendium of knowledge, abilities, and skill inherent in individual that emanates from natural endowment, formal education and training. Udu, (2014) sees human capital development as the education, skill levels and problem-solving abilities individuals possessed that make them to be productive workers in the global economy. Human capital development according to Stone, (2002) plays an indispensable role on employee job productivity as it provides an institutional framework for skill acquisition necessary for operational efficiency. Therefore, the extent to which members of organization contribute in resource allocation, mobilization, and utilization to large extent depends on human capital development. Hill,(2001) contends that human capital is increasingly an indispensable key factor in enhancing employee job productivity in order to sustain competitive advantage giving the dynamic nature of business environment.

### **Productivity**

According to oxford dictionary Productivity is the rate at which a worker, a company or a country produces goods, and the amount produced, compared with how much time, work and money is needed to produce them. Productivity has two major components, technological change and manpower utilization. As technological change requires huge capital investment, organizations look for better manpower utilization to achieve increased productivity. With better human relations productivity can be increased. And there is no simple formula of getting the things done other than good human relations. Sometimes this can be stated that better relations can make an environment of productivity and that productivity if fairly and promptly rewarded, it makes very good human relations, which can work for a long time in the growth and success of the organization. Today, this is the time when there are two things, which are very common in businesses, first is rapid growth and expansion and second is stiff competition both require efficient and highly productive human resources. To expand the business one must have all the things concerned with human beings that vision, zeal to learn and do, result oriented approach and habit of continuous improvement. There is no line where we can say that the best of our productivity has come. The best is always still to come and employees and their management always work for the same. The Productivity is the driving force behind an organization's growth and profitability. Productivity is the relationship between output of goods and services of workers of the organization and input of resources, human and non-human, used in the production process. In other words, productivity is the ratio of output to input. The higher the numerical value of this ratio, the greater the productivity (Onah, 2010). Productivity has been defined as the measure of how well resources are brought together in organization and utilization for accomplishment of a set result. It is reaching the highest level of productivity with the least expenditure of resources (Mali, 1978). According to Onah (2010), productivity is the relationship between output of goods and services and input of resources, human and non-human, used in the production process. In other words, productivity is the ratio of output to input. The higher the numerical value of this ratio, the greater the productivity. Thus, productivity can be applied at any level, whether for individuals, for work unit, for the organization.

Productivity is a measurement or calculation between input and outputs. Inputs are the amount of resources such as human resource, money, time, physical, technological and effort spent working in the organization, while output are the result. If the inputs are equivalent to the outputs, the worker is considered productive. When the employees are productive, they accomplish more in a given amount of time. In turn, efficiency saves their company money in time and labour. When employees are unproductive, they take longer time to complete projects, which cost employee's more money due to the time lost (Ikeanyibe, 2009).

The importance of higher productivity of the employees in public enterprise cannot be overemphasized, which include the following; Higher incomes and profit; Higher earnings; Increased supplies of both consumer and capital goods at lower costs and lower prices; Ultimate shorter hours of work and improvements in working and living conditions; Strengthening the general economic foundation of workers (Nwachukwu, 1988).

The existence of any organization is anchored on productivity and its importance cannot be overemphasized. It is the wish of every organization to be productive because productivity forms the cardinal essence for which every organization exist. To attain or increase productivity has led many organizations into constant reshuffling practice. This is in line with Simon (1957) when he rightly noted that "the issue of productivity has been instrumental to most repositioning exercises that go on from time to time in many organizations". In fact productivity has often become the most central, contentious and analytical issues in all organizations be it public or private.

Robert and Tybout (1997) opined that Productivity can be seen as the measure of the relationship between the quantity and quality of goods and services produced and the quantity of resources needed to produce them (that is, factors inputs as labour, capital and technology).Mali (1978) in attempting to come to terms with issue of productivity brought in the idea of produce. In this regard, he sees productivity as "the measure of how well resources are brought together in the organizations and utilized for accomplishing of a set of results. It is reaching the highest level of productivity with the least expenditure or resources. Regarding the above definition, productivity entails an effective integration of resources, physical and human to yield higher output.

However, increased productivity could result from reduction in the use of resources, reduction in cost use of better methods or improvement in factors of capabilities, particularly labour, put succinctly, productivity is measured by dividing value of output with the cost of input. It implies the attainment of predetermined goals or results with the least necessary expenditure of resources; hence productivity can be equated with efficiency of sources. Nwachukwu (2006) agrees that higher productivity as would be the wish of many organizations can be achieved through ensuring higher earnings for workers; ultimate shorter hours of work and improvements in working and living conditions and strengthening the general economic foundation of workers.

Other factors that increase workers' productivity are job involvement, job satisfaction, motivation, organizational and individual commitment, training and development of workers, promotion, recognition etc. Hence, the absence of the above in any organization be it public or private sector results low productivity which is detrimental to workers' productivity.

### **Theoretical Framework**

This research is anchored on Human Capital Theory by Adam Smith (1776). The origin of human capital goes back to emergence of classical economics in (1776) and thereafter developed a scientific theory. The idea of investing in human capital was first developed by Adam Smith (1776), who argued in the *Wealth of Nations* that differences between the ways of working of individuals with different levels of education and training reflected differences in the returns necessary to defray the costs of acquiring those skills. Economists such as Elliot (1991) developed the theory of human capital. He is concerned with human capital in terms of the quality, not quantity, of the labour supply (Baron and Armstrong). After the manifestation of that concept as a theory, Schultz (1961) recognized the human capital as one of the important factors of national economic growth in the modern economy (Dae-bong, 2009). The theory argues that a person's formal education determines his or her earning power. Human capital theory holds that it is the key competences, skills, knowledge and abilities of the workforce that contributes to organizations competitive advantage. It focuses attention on resourcing, human resource development, and reward strategies and practices. According to Human Capital Theory, education is an investment because it is believed that it could potentially bestow private and social benefits. Human capital theorists believe that education and earning power are correlated, which means, theoretically, that the more education one has, the more one can earn, and that the skills, knowledge and abilities that education provides can be transferred into the work in terms of productivity (Dae-bong, 2009).

This theory emphasizes the value added that people contribute to an organization. It regards people as assets and stresses that investments by organizations in people will generate worthwhile returns. The theory suggests that investment in people results in economic benefits for individuals and society as a whole (Sweetland 1996). The investment in individual can be made in terms of education, health, nutrition, and any other development that results in long-term benefits. It is important to clarify that the investor in this particular case is an individual who decides whether to invest his or her time, money and other resources into some activity that will benefit his or her human capital.

Many researchers have been conducted in the area of human capital however; there is still the existence of a wide gap between theory and practice. The shift towards value-addition based measurements of investment in intellectual capital has gradually begun to close the gap between theory and practice. This model meets the demand for giving employees the status of key resource by treating them as investment and not as cost; this because they invest their knowledge and skills which is valued by the market through the company's activities and reflected in the created value added. The model has received wide usage in the area of intellectual capital valuation especially with intellectual capital due to the inadequacies of the other valuation methods and measurement models. The model provides a standardized and consistent basis of measure that can be used for easily comparison both within sector, industry or internationally. It is also important to state that all the data used is based on audited information from financial reports, therefore results can be said to be objective and verifiable. Also, like other traditional measures of corporate productivity, it is easy and straightforward for both internal and external users of the financial statement.

### **Empirical review**

According to Udu and Ewans (2016), Human capital development and employee job productivity using double diamond plastic manufacturing firm, Aba, Nigeria as a case study. The study employed a correlation design in an attempt to determine the direction and magnitude of the relationship between the studied variables. Structured questionnaire drawn on 5 point scale rating was administered to a sample of one hundred and sixty five (165) respondents drawn from the population of the study. The data collected from the respondents were analyzed with Pearson's product moment correlation and p-value. The results show a positive relationship between on-the job training and quality of employee job productivity. This was shown by a positive correlation coefficient and the result on the second objective shows a positive relationship between off the job training and worker efficiency. This also was shown by a positive correlation coefficient (r) of (0.84). The implication is that increased in human capital development enhances employee job productivity, which in turn, leads to increased organizational productivity. In the light of the findings, the study recommends that organizations should allocate considerable efforts, time, and resources to invest on human capital development for the acquisition of practical skills, and learning experience deep-rooted on the work for operational excellence.

Yaya (2016) investigated the effect of human capital development on job satisfaction of librarians in Nigerian public universities. A correlation survey research design was adopted. The study population consisted of 1,254 librarians in public university libraries in Nigeria, from which 923 were selected using simple random sampling. The research instrument used was a self developed questionnaire. The study revealed a significant relationship between human capital development and job satisfaction of librarians in public university libraries in Nigeria. It concluded that contrary to general belief, job satisfaction and productivity levels of librarians in university libraries were high. It is recommended that university library management should continue to promote values such as improved employee recognition, good leadership style and improved human capital development programmes that would increase job satisfaction and productivity of its workforce.

Danjuma and Akinpelu (2016) examined the impact of human capital efficiency on corporate productivity of industrial goods companies listed in the Nigerian Stock Exchange Market. For a period of 6 years (2009-2014,) the effect of human capital efficiency on productivity was examined by applying the human capital component of the value added intellectual coefficient (VAIC) methodology. Multiple Linear regression models were used for analyzing the relationship between the variables of interest; Employees' growth (EG), Earnings per Share (EPS), Return on Assets (ROA), Human Capital Efficiency (HCE), lagged Human Capital Efficiency and Size of the firms. The finding survived a number of robustness check and the result indicates that there is positive significant relationship between human capital efficiency on ROA and EPS, and an insignificant negative relationship between human capital efficiency on Size, lagged human capital efficiency and number of employee growth. This study contributes to the existing Human Capital theories by revealing the HCE of Industrial goods companies and its impact on Corporate Productivity.

Chijindu, Ibeh, and Emerole (2016) examined the effect of human capital development programmes in optimizing employee productivity in Abia State. The research adopted survey research design, primary and secondary data was used, and questionnaire and oral interview was used in eliciting information from the respondents. The Population of the study consist of three hundred and fifty seven (357) employees of the organisation, using Taro Yemen formula the sample size was deduce to be one hundred and eight nine (189), and simple random sampling technique was used to select the respondents. Descriptive statistics and Logistic Regression analysis was used to analyze the data obtained with the aid of SPSS version 20. The analysis was based on one hundred and sixty five (165) questionnaire well filed and returned. The major findings revealed that human capital development programmes employed in Abia State House of Assembly includes: Training, Seminar, Workshop, and Skill Acquisition. With regards to the relationship between the human capital development programmes employed in Abia State House of Assembly and the productivity of their employees, Logistic Regression result revealed that: training, seminars, workshops and skill acquisition are the human capital development programmes that are significantly related to the productivity of employees. The researcher concluded that training, seminars, workshops, skill acquisition enhances employees productivity when effectively and efficiently implemented and sustained, and thus, recommends that government should live up to their responsibility by adequately funding Abia State

House of Assembly to enable them sustain the human capital development programmes in the organisation.

Udu, (2014) carried out a study on in-system human capital development in Nigerian Universities with focus on National Universities Commission (NUC) on Doctoral Degree. The study was design to explore the issues surrounding the weak human capital development in the Nigerian university system. The conventional content analysis method was employed in the treatment of information collected from the ten (10) universities in the South East, Nigeria because they share the same institutions, environmental and configurations with other universities in the country. The study found that Nigerian university system is made up of academic staff members who have divergent degrees in their numbers but dearth the pre-requisite capabilities, competencies and knowledge to effectively inculcate the right ideas and required skills to the students. The few who are actually academics are cumbered with work over load that they seldom have time to actively engage in incise research publishable in international journals.

Mehmet, Aminu and Abdurrahim (2014) examined the relationships between organizational learning and organizational performance in Nigeria banking sector. A survey research method with statistical treatment was conducted in this study. To test the model, except demographic variables, a 21-items questionnaire was conducted using random sampling method to the employees of various banks in Nigeria. A total of 203 completed questionnaires were evaluated for analysis. The data analysis revealed that there is a positive relationship between organizational learning and organizational performance. The findings of the study indicated that, there is a relationship between organizational learning and organizational performance. According to demographic variables, bank managers have higher learning perception than other employees. The study offers practical suggestions of how management can improve organizational performance by improving the organizational learning of the organization. Survey was not all-inclusive to contain all potential bank employees in Nigeria.

Paluku (2016) studied employees engagement has emerged as a potential factor for organizational performance. Many practitioners of human resource management have poorly understood measurement of employee motivation for activities and more precisely its commitment. This study analyzes factors on employee engagement and performance from selected retailing business enterprises in Wobulenzi-Luweero City, Uganda. A questionnaire was administered to 120 selected respondents, using purposive sampling technique. Measurement was done with the use of descriptive and inferential statistic approaches to consider responses from respondents and make decision accordingly. The study focused on measuring the employee engagement in relation with the organizational performance focusing on non-financial factors. The findings show that the degree of retail employee engagement and the level of job satisfaction were very high in retailing enterprises in Wabulenzi-Luwero city. However, it was observed that in retailing organizations, employees were found it difficult to make equilibrium of work experience and house life with their employment. This study shows that despite the association between employee engagement and job satisfaction, there is no relationship between employee engagement and job assignment, which is an important key factor for organization performance. The results reveal that job assignment is critical for engaging employees to ensure organizations' longevity and profitability.

Priyadarshni (2016) examined the impact of employee engagement on employee productivity and motivational level of employee in Retail sector. This sector providing more opportunities for job enhancement but retaining employee are one of the most challenging issues for the retail industry, because of high turnover and low performance. Understanding what drives employee engagement illuminates the path leaders can take to enhance employee retention in their organizations. The findings and recommendations of this study are for retail sector in general. It would help them to perform better and ready to take more responsibility, energetic and inspiring. Retaining the highly skilled workforce has become a key concern for many organizations in good as well as bad times provided the importance of these human resources to company's success and survival. Thus employee engagement determines the association of person with the organization.

Saloni,(2017) studied Employee Engagement becoming an area of emergent concern in the literature, the purpose of the study is to have deep analysis of the relationship between Employee Engagement and Organizational Performance and its outcomes. A quantitative approach was used. Data for this study were collected from private banks via questionnaire. Participants were selected by convenient sampling method and in total 150 respondents completed the questionnaire. The results were in



positive direction and fulfilled the study aims of the current study. The model extracted on the basis of review of literature has revealed the existence positive relationship between Employee Engagement and Organizational performance. Which is further, validate through Structure equation modeling.

## METHODOLOGY

### 3.1 Research Design

**Survey research design:** This approach is a research method that studies people or objects, their attitudes, belief system, opinions and other behavioral manifestations. Survey research is designed to scientifically describe phenomena and their relationships in the actual environment after a given time, survey must depend instead on samples of respondents drawn from the population and considered a representative of the population. This work was carried out in South East Nigeria. The population of the study consists of 1298 comprise of 15 selected manufacturing firms in South East. The sample size is 303 using statistical formula devised by Taro Yamane (1964). This study makes use of primary data. The instrument employed for data collection is questionnaire constructed by the researcher. The researcher used face and content validity in this research work. The instrument was first given to two lecturers in the department of Business Administration for validation before the supervisors finally face validated it. Their corrections and suggestions were incorporated into the final draft of the questionnaire. The questionnaire is attached as an appendix to this work. Reliability of instrument make used of correlation method. The need to enhance easy comprehension and analysis prompted the use of the frequency distribution table to present the data gathered. Simple percentage analysis was employed to answer the research questions. Multiple regression analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The statistical package for social sciences (SPSS) version 21 was employed to test the hypotheses.

## DATA PRESENTATION AND ANALYSIS

In this chapter, the data generated from the questionnaire distributed to the employees of the selected manufacturing firms were presented and analyzed. A total of three hundred and two (302) copies of questionnaire were distributed to the employees of the selected manufacturing firms. A total of two hundred and nineteen (250) copies were retrieved from the respondents, out of which two hundred and six (206) copies were properly filled and found usable for the study. The 21 copies were not properly filled while the remaining thirty one copies were misplaced by the respondents. This gives a response rate of 82.4 percent. Therefore, the analyses presented below were based on the two hundred and six relevant copies.

### Test of Hypotheses

Here, the hypotheses formulation in chapter one of this study is tested for acceptance or rejection. This was done using multiple regression analysis. The coefficients of the multiple regression analysis are presented in the table below.

**Table 4.6 Coefficients of the Multiple Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	18.146	2.370		7.655	.000
1 TD	.196	.056	.120	2.714	.008
ED	.205	.066	.217	3.120	.002
KA	.248	.055	.252	2.152	.009
LC	.025	.060	.028	-0.409	.683

Source: SPSS Version 21.0

### Hypothesis One

Ho: Training and development has no significant influence on organizational productivity

Hi: Training and development has a significant influence on organizational productivity

.Based on the t-statistics of 2.714 and probability value of 0.008 in table 4.6, TD (Training and development) Training and development found to have significant influence on organizational productivity. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. We

then conclude training and development has a significant positive influence on organizational productivity

#### **Hypothesis Two**

Ho: Employee engagement has no significant positive effect on organizational productivity.

Hi: Employee engagement has a significant positive effect on organizational productivity

Table 4.6 shows that EE (Employee Engagement) has a t-statistics of 3.120 and probability value of 0.002 which is statistically significant at 5% level. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. We then conclude employee engagement has a significant effect on organizational productivity

#### **Hypothesis Three**

Ho: Knowledge accessibility has no significant positive influence on organizational productivity

Hi: Knowledge accessibility has a positive significant influence organizational productivity

From the table 4.6 above, KA (Knowledge Accessibility) has a t value of 2.152 and probability value 0.009, which is less than 0.05 ( $0.009 > .05$ ). We therefore reject the null hypothesis and accept the alternative hypothesis and conclude that Knowledge accessibility has a significant positive influence organizational productivity

#### **Hypothesis Four**

Ho: Learning capacity does not have significant positive effect on organizational productivity

Hi: Learning capacity does not have significant positive effect on organizational productivity

LC (Learning capacity) has a t-statistics value of 0.409 and a probability value of 0.683 which is greater than 5%. Based on probability value which is highly statistically insignificant, the null hypothesis is accepted while the alternative hypothesis is rejected. Therefore we conclude learning capacity has a significant negative effect on organizational productivity.

### **DISCUSSION OF FINDINGS**

This study examined the effect human capital development organizational productivity in South East Nigeria. The data generated were subjected to descriptive statistics and multiple regression analysis. It was discovered that training and development have significant influence on organizational productivity. These findings tally with Umezuruike, (2009) that affirm training and retraining of staff to be backbone of sustainability and growth in the banking sub- sector. This also corresponds with the findings of Agha, (2014) who revealed that that the organizational productivity is relatively associated to her promotion of on-the-job training, formal education and employee participation in seminars as strategies of human capital development for her employee and concludes that firms in South East, Nigeria can attain significant improvement in their productivity levels if effort is made to develop human capital through the strategies of on-the-job training, formal education, and participation in seminars and workshops. Udu and Ewans (2016) found that there is a positive relationship between on-the job training and quality of employee job productivity. This was shown by a positive correlation coefficient and the result on the second objective shows a positive relationship between off the job training and worker efficiency.

The result also shows that employee engagement has a significant positive effect on organizational productivity. This finding agrees with the findings of Hay (2010) who reveals that employees who are more engaged at their workplace are more efficient and productive because they are motivated beyond personal factors, Priyadarshni (2016) the results reveal employee engagement determines the association of person with the organization. Paluku (2016) disagree with this finding; he asserts that, there is no relationship between employee engagement and job assignment, which is an important key factor for organization performance.

The study further revealed that knowledge accessibility has a significant positive influence on organizational productivity. This finding agrees with the opinion of Amir, Seyed and Hakimeh (2012) whose found shows that the mean utilization of policies and approaches, management systems, promotion and encouragement systems and the system for the training of the knowledge management in the chosen hospitals are less than the mean score. The mean productivity was found to high than average in the studied hospitals. Also the result tally with that of Ehsan, and Masoomah (2013) that indicated that knowledge management application is the integral component of organizations and its application increases the knowledge and information of employees and consequently increases organization's productivity

Finally, learning capacity was found to have no positive effect on organizational productivity. This agrees with the opinion of Swee and Peter (2002) who study show that there is no relationship between learning capability and the two financial performance measures, return on equity and return on assets. However, learning capability is strongly related to job satisfaction, a non-financial performance measure. An unexpected finding of a significant positive relationship between formalization and financial performance and its implications is explored. It is argued that formalization in the case of for-profit organizations may have an enabling rather than a coercive impact on the organization. This also agrees with the opinion Mehmet, Aminu and Abdurrahim (2014) that revealed a positive relationship between organizational learning and organizational performance. The findings of the study indicated that, there is a relationship between organizational learning and organizational performance.

### **Summary of Findings**

This work examined the effect of human capital development and employee productivity, in selected manufacturing firms, South East region of Nigeria. The data generated were analyzed using multiple regression analysis and the following were discovered that.

1. Training and development has a significant positive influence on organizational productivity. Training and development had a t-statistics of 2.714 and probability value of 0.008 which is statistically significant at 5% level.
2. Employee engagement has a significant positive effect on organizational productivity. Employee Engagement has a t-statistics of 3.120 and probability value of 0.002 which is statistically significant at 5% level.
3. Knowledge accessibility has a positive significant influence organizational productivity. Knowledge Accessibility has a t-statistics of 2.152 with a probability value of 0.009, which is statistically significant at 5% level
4. Learning capacity does not have significant negative effect on organizational productivity. Learning capacity has a t-statistics value of -0.409 and a probability value of 0.683 which is statistically insignificant at 5% level.

### **4.2 CONCLUSION**

This work examined the effect of human capital development and employee productivity, in selected manufacturing firms, South East, Nigeria. From the analysis it was discovered that Training and development has a significant positive influence on organizational productivity. Employee engagement has a significant positive effect on organizational productivity. Knowledge accessibility has a positive significant influence organizational productivity. Learning capacity does not have significant negative effect on organizational productivity

Therefore, the study conclude that organizations, whose investment perspective is on human resource management view training as an opportunity to increase long-term productivity. Investing in training and development is imperative for any organization, which will certainly realize a return on its investment in training and developing its workers. Employee engagement drives performance by improving retention, customer loyalty, productivity, safety, and ultimately, profitability. Engaged employees care about their organization and work to contribute towards its success. It was also observed that properly designed knowledge management systems gives employee flexibility and reduces design time and organizational costs. The study concluded that the knowledge management application is the integral component of organizations and its application increases the knowledge and information of employees and consequently increase organization's productivity. Learning capability may not be linked directly to employee's productivity, however, it can have a positive impact on employee job satisfaction and morale. In order to leverage this capability to impact on organizational productivity, organizations need to pay attention as well to enabling bureaucracy, that is, some degree of formalization to facilitate work procedures that contribute to effective task performance and productivity. Therefore, the study conclude that human capital development has a significant positive effect on organizational productivity

### **4.3 RECOMMENDATIONS**

Based on the findings of this study, the following recommendations are made Based on the finding, the following recommendations were made. The recommendations was properly adhered would be

designed to enhance the effect of human capital development on organization productivity. These recommendations are:

1. Employer should have compulsory training programmes for all employees in order to improve the knowledge and understanding of annual business strategy and objectives to improve organizational productivity.
2. Organization and employees are both dependent on each other to fulfill their goals and objectives. Therefore, employee engagement should not be understood as a one-time exercise but it should be integrated in the culture of the work place and embedded in its policies and procedures. Employee engagement needs to be part and parcel of the business DNA in any success story. It needs to be culturally fit and linked to the core tenants of business like as, values and managerial philosophy.
3. Management a need to consider the staff and their job assignment to knowledge accessibility in other to improve organizational productivity through compulsory training programmes for all employees in order to improve the knowledge and understanding.
4. Organizational must devise clear and firmly established plans and programs to help and encourage employee to acquire organizational learning capacity and to increase knowledge acquisition and preventing the deterioration of the employees knowledge, some special programs must be designed to train them based on their field of expertise.

## REFERENCES

- Abraham, S., (2012). Development of employee engagement programme on the basis of employee Satisfaction Survey. *Journal of Economic Development, Management, IT, Finance and Marketing*, 4(1),27-37.
- Adeyemi, S. (2009), Human Capital Development and Its Implication on Organization. *International Journal of Business and Management*, 40, (12)125- 130.
- Agha, N.C (2014), Human Capital Development and Organizational Productivity, *EBSU Journal of Contemporary Management*,2, (1), 67-73.
- Ahangar, R. G. (2011). The relationship between intellectual capitals and financial productivity: An empirical investigation in an Iranian company. *African Journal of Business Management* . 5(1), 88-95, 4
- Aimiwu, A (2004). Impact of globalization on human resource management. *Management Journal* 2 (4), 12-20
- Amir A. N., Seyed J. T. & Hakimeh F. B.(2012). Examined the relationship between knowledge management and productivity in teaching hospitals of Hamedan, Iran. *International Journal of Academic Research in Economics and Management Sciences*,1,(1),99-107
- Armstrong, M. (2012). *A Handbook of Human Resource Management Practice*, (12th edition.),London, Kogan Page Publishers.
- Armstrong, M. (2009). *Armstrong's Handbook of Productivity Management*. An evidence-based guide to delivering high productivity, (4th edition), London and Philadelphia, KoganPage Publishers.
- Anumudu, C. N. (2010).The impact of human capital on labour productivity in manufacturing industries in Enugu and Anambra States, Nigeria. A *thesis dissertation* Submitted to the, University of Nigeria, Nsukka.
- Anunobi, K (2006). Imperatives of Human Capital Development” Business Times. Monday May 12
- Aydin, B & Ceylan, A (2009). Does organizational learning capacity (OLC) have impact on organizational effectiveness? Research analysis of the metal industry development and
- Bakker, A.B. & Leiter M.P., (2010.) *Work engagement: a handbook of essential theory and research*. New York, NY: Psychology Press.
- Bassi, L. & McMurrer, D. (2007). *Human Capital and Organizational Productivity: Next Generation Metrics as a Catalyst for Change*, USA, Whitepaper, McBassi & Company.Inc.
- Boujelbene, A. M & Affes, H.(2013). The impact of intellectual capital disclosure on cost of equity capital: A case of French firms; *Journal of Economics, finance and Administrative science*. 18(34)45-53.

- Chijindu J. S., Ibeh, G. O & Emerole G. A (2016). Effect of human capital development programmes in optimizing employees productivity: A study Of Abia State House Of Assembly, Nigeria. *Singaporean Journal of business economics, and management Studies*. 5, (4), 1-12
- Danjuma, K. J. & Akinpelu M. A. (2016). Human Capital Efficiency and Corporate Productivity: The Nigerian Perspective. *The international journal of Business & management*. 1 (4) 1-9
- Delis, M.D. & Staikouras, P. K. (2011) Supervisory Effectiveness and Banking Risk, *Review of Finance*, 15(3): 511-543.
- Ehsan, Z. & Masoom R. (2013). The study of knowledge management effect on performance rate of employees. *European Online Journal of Natural and Social Sciences*; 2, (3)
- Emily, A., Odhong, S. W. and Jacob. (2014) "Effect of human capital management drivers on organizational productivity in Kenya: A Case of Investment
- Jamal, W. & Saif, M. I. (2011) .Impact of Human Capital Management on Organizational Productivity. *European Journal of Economics, Finance & Administration*
- Maran M. (2009), "Human capital development and its impact on firm productivity: Evidence from developmental economics" *The Journal of International Social Research*, 2 / (8).
- Mehmet, F. Y., Aminu A. & Abdurrahim E. (2014). Analysis of relationships between organizational learning capacity and organizational performance: A case study of banking sector in Nigeria. *Arabian Journal of Business and Management Review (Nigerian Chapter)* 1, (2)
- Mills, A. M., & Smith, T. A. (2011). Knowledge management and organizational productivity: a decomposed view. *Journal of knowledge Management*, 15(1), 156-171.
- Muhammad A. S. & Naintara, S. (2013). The impact of human capital on company productivity and the mediating effect of employee's satisfaction" *IOSR Journal of Business and Management* 8, (2), 278-487
- Nonaka, I. (2007). Strategy as distributed phronesis: Knowledge creation for the common good knowledge. Management: From brain to business. Manila: Philippines.
- Nzuve, S. & Bundi, E. G. (2012). "Human Capital Practices and Firms Productivity: A Survey of Commercial Banks in Kenya" *Journal of Social Science Research Network, Nairobi, Kenya*.
- Odhong, A. E, . Were A. & Omolo, J . (2014). Effect of human capital management drivers on organizational productivity in Kenya. A case of investment and mortgages bank ltd. *European Journal of Business Management*, 2 (1), 341-356.
- Olayemi, S. O. O. (2012). Human capital investment and industrial productivity in Nigeria. *International Journal of Humanities and Social Science*, 2 (16) 298 -105
- Paluku, K. (2016). Employee engagement and organizational performance of retails enterprises. *American Journal of Industrial and Business Management*, (6), 516-525
- Priyadarshni, N. (2016). The impact of employee engagement on employee productivity and motivational level of employee in retail sector. *Journal of Business and Management*, 41-47
- Rashid, H. A., Asad, A . & Ashraf, M. M., (2011). Factors Persuading Employee Engagement and Linkage of EE to Personal & Organizational Performance. *Interdisciplinary Journal of Contemporary Research In Business*, 3(5), 98-108.
- Robertson-Smith G. & Markwick C., (2009). Employee engagement. A review of current thinking. Institute for employment studies, Report 469
- Saloni, D. (2017). Impact of employee engagement on organizational performance: A study of select private sector Banks. *International Journal of Commerce and Management Research*. 2.(4), 33-47
- Sarminah, S. (2013). The contribution of human capital on business productivity, *International Journal of Trade, Economics and Finance*, 4, (6) 393-398
- Udu, G. O. C. & Ewans, C. (2016). Human capital development and employee job productivity: a study of double diamond plastic manufacturing firm, Aba, Abia State, Nigeria. *International Journal of Research in Business Management*. 4, (6), 41-50
- Udu, A.A (2014), In-System Human Capital Development in Nigerian Universities: The Case of National Universities Commission on Doctoral Degree. *EBSU Journal of Contemporary Management*, 2, (1) 67-73.
- Yaya, J. A. (2016). The Effect of Human Capital Development on Job Satisfaction of Librarians in Public Universities in Nigeria. *American Journal of Business and Society*. 1, (3), 98-117