

The Link between Human Resource Capacity Building and Job Performance

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Abstract

In this paper, the primary objective was to discuss the link between human resource capacity building and job performance by reviewing current literature on the subject. The review considered the aspects of capacity building that deals with the training and empowerment of individual employees in order to improve their job performance. Finding from the review indicated a strong link between human resource capacity building and employee job performance. It is hoped that this indication from the review will provide additional logical motivations for the continuing training and empowerment of employees.

Key Words: Capacity Building, Training, Empowerment, Employee Performance.

1. Introduction

The greatest assets of any organization are its human resource and organizations spend considerable resources in building the capacities of their employees. Human resources capacity building equips employees to achieve organizational goals. Ohemeng (2009) proposed that to fully build the human resources capacity of the public sector in Ghana, training and empowerment are the key requirements to improve job performance. The main goal of employees' training and empowerment is to help the organization achieve its mission and business goals (Pinnington & Edwards, 2000).

This paper sought to discuss concepts, theories and current empirical findings underpinning human resources capacity building and its influence on job performance.

2. Concept of Human Resources Capacity Building

Human resources capacity building has been defined and interpreted in many different ways (Williamson, et al., 2003; Abbay, 2008). It is generally accepted that human resources capacity building as a concept is closely related to education, training and human resource development. Groot and Molen (2000) defined human resources capacity building as the development of knowledge, skills and attitudes in individuals and groups of people relevant in design, development, management and maintenance of institutional and operational infrastructures and processes that are locally meaningful. Based on this definition, capacity building for employees in a broad sense may refer to improvements in the ability of all employees to perform appropriate tasks within the broader set of performance standards of

the organization. However, Brews (1994) expanded the meaning of human resources capacity building to include empowerment. This is a broader approach while still focusing mainly on education, training and human resource development. He posited that capacity building gives substance to empowerment. If empowerment is the value then capacity building is the content. Capacity building activities equip empowered employees to achieve organizational goals (Brews, 1994).

3. Human Capital Theory

Human capital corresponds to any stock of knowledge or characteristics the worker has (either innate or acquired) that contributes to his or her productivity (Dennison, 1998). This definition is broad, and this has both advantages and disadvantages. The advantages are clear: it enables one to think of not only the years of schooling, but also of a variety of other characteristics as part of human capital investments. These include school quality, training, attitudes towards to work, etc. Using this type of reasoning, one can make some progress towards understanding some of the differences in earnings across workers that are not accounted by schooling differences alone.

The theoretical framework for the wholesale adoption of education and development policies known as Human Capital Theory was based on the work of economists such as (Becker, 1964). Human Capital Theory attempts to prove that formal education is highly instrumental in improving the productive capacity of a population. In other words, an educated population is a productive asset for a nation. This means that there is the need to invest in human capital through education and training so that productivity gains can be made. In other words education and training improves the quality of labour.

The theory suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings (Becker, 1964). Mincer (1974) provides an explanation that links investment in training with workers' wages. In particular, his theory draws a crucial distinction between general education and firm-specific training. Over the past thirty years or so, hundreds of studies have been conducted to estimate rates of return to education. Most of such studies show that formal schooling is a crucial factor in explaining variations of salary and wages in well developed countries (Dennison, 1998). Comparative studies have been conducted in some less developed countries, focusing on investment in formal education (Psacharopoulos, 1998).

While formal education has expanded rapidly in many countries, a large portion of human capital accumulation in the form of on-the-job training and other modes for working adults actually take place both inside and outside the workplace. Adult education development in developed countries in recent years has focused on the strengthening of vocational training to meet the needs of skill development across all occupational strata in the global economy. Studies in some developing countries find that a mix of education and training is available for skill acquisition and there are multiple paths to skill development for a given occupation (Benhabib & Spiegel 1994). A study of education provision in Shenzhen, China shows that both firm provided on-the-job training and adult education financed by employees offer substantial means to develop vocational/technical skills and provided about 2.07 million head

counts of education and training to the workforce of 2.5 million during the period of 1980-1996 (Hall & Torrington, 1998). Given that education and training programs for working adults have experienced significant expansion, it is important that they be included in estimations of returns to education and training.

A framework for human capital development in the workplace

Schultz (1963) suggested that education enhance an individual's ability to successfully deal with disequilibria in changing economic conditions. Such ability includes that of perceiving a given disequilibrium, analyzing information, and reallocating resources to act. Another argument is based on the conditions of production. Becker (1964) suggested that education or training raises the productivity of workers by imparting useful knowledge and skills, others provide different explanations for how education is related to worker productivity. One is based on the argument that the higher earnings of educated workers simply reflect their superior ability acquired during the process of education, rather than through skills and knowledge. Spencer (1973) argues that education is used as a market signal to indicate the potential productivity of workers.

Levin (1994) argued that the organization of production, such as the extent of discretion, participation in decision-making, responsibility sharing, and information available to employees, all affect employees' utilization of their ability to act. He suggested that education can improve productivity only if complementary inputs exist, which include training, contract terms, and management practices. He pointed out that economists and other social scientists have overestimated the payoffs resulted from increased formal education while they have ignored the complementary inputs and conditions. Todaro (1998) maintained that productivity is largely characteristic of jobs rather than of workers; employers use education credentials to select workers because better-educated workers can be trained for specific jobs more quickly and at a lower cost than their less-educated peers. Hall & Torrington (1998) posited that differences in capital accumulation, productivity, and therefore output per worker are fundamentally related to differences in social infrastructure across countries. Such social infrastructure includes the institutions and government policies that determine the economic environment, within which individuals accumulate skills and firms accumulate capital and produce output. Lack of these conditions would cause loss in production. As technological innovations and economic reforms have been continuously adopted in the workplace in order to speed up growth, the organization of production, and management practices of the firm that formerly worked well in a planned economy are now obsolete. Such qualitative changes create disequilibrium, causing a technical discrepancy between the firms' new investments and their employees' competence; employees are unable to perform to meet the new demand. They may have accumulated significant knowledge, skills, and attitudes/values through both formal schooling and work experience, but as change accelerated, knowledge, skills and abilities gained in previous learning gradually became also largely obsolete.

The contribution of education to economic development have been widely studied and documented. In one of the most comprehensive studies, Psacharopoulos (1998) analyzed a list of potential benefits inherent in mass education that include many traditional claims: that

it would raise living standards and offer equal opportunities to all and this serve as a means to achieve a more egalitarian society and that will bridge the gaps between ethnic and social groups in society.

4. Training and Job Performance

An organisation is only as effective as the people working in it. It is a fact that the provision of quality goods and services by any organization depends on the quality of its workforce. Cole (1993) defined training as any learning activity which is directed towards the acquisition of specific knowledge and skills for the purposes of an occupation or task while Cascio (1992) referred to performance as an employee's accomplishment of assigned tasks. Cascio posited further that pre-determined standards should be set against which actual performances are measured and that without any rule of measurement, it will be difficult to assess performance. In other words before claims can be made that people are under-performing then there must be some performance expectations. The relationship between training and employee performance have been well established in literature.

Abay (2008) reported that significant relationship was found between the employees training and their resultant performance in accomplishing different tasks. It was found that those employees who have taken trainings were more capable in performing different task & vice versa. Training has direct relationship with the employees' job performance. Similar findings were reported by Elnehal and Imran (2013), Jagero and Komba (2012), , Saeed and Asghar (2012), Singh and Mohanty (2012), and Tennant et al (2002). However, Jagero and Komba (2012) posited that while training is a factor in job performance, it is the combination of factors such as working environment, employee skills and knowledge, motivation and rewards, communication flow and organizational culture that significantly improve employees' performance.

Thomas (1997) argued that employee training equip employees with skills that enable them to become more efficient and productive workers. Furthermore, employees who are well-trained often have higher motivation and morale because they feel that the company has invested in their ability and development. This also results in lower turnover rates. Devins, et al. (2012) found that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. Trained employees are also more confident in their performance and decision-making skills. In addition, employees who receive regular training are more likely to accept change and come up with new ideas. Employees who learn new skills through training make good candidates for promotions because they have shown their ability to learn, retain and use information. Reliable, skilled employees can also be empowered to train other employees, the fact that reduces pressure for the management team.

Because of the practical implications of training, it is important to have training that is effective. Studies have proven that more costly but effective training can save money that is wasted on cheap but inefficient training (Ginsberg, 1997). Latif (2010) found four subscales to have a significant contribution towards establishment of an effective training program. The study identified four factors to be contingent to an effective training, they were: Satisfaction

with the training session, Training content satisfaction, Trainer satisfaction, Transfer of learning.

Kennedy (2009) found that the frequency of training received have an impact on job performance. After analyzing data from employees of the Judicial Service of Ghana, he reported that many employees associated frequent in-service training with improved job performance. Similarly, Collen (2000) found a significant relationship between frequent on-the-job training and employees' performance. He stated that frequently training employees resulted in employees making fewer mistakes, getting more work done in a given time period and managers spending less time on supervision of employees.

However, Philips (2006) argued that lack of frequent training is not necessarily the cause of under-performance of employees. He stated the need to determine whether a problem can be solved by training. Whenever employees are not performing their jobs properly, it is often assumed that training will bring them up to standard. This is not always the case. For instance, training is less effective for problems arising from an employee's lack of motivation or lack of attention to the job. Similarly, Daniels (2010) posited that training is not a panacea; it cannot eliminate core problems like low capitalization or a product line that does not meet customers' needs. Although training can provide extraordinary improvements in the organization, the key to getting the best return on investment from training is to view it strategically rather than tactically.

5. Empowerment and Job Performance

The concept of empowerment refers to the ability to do things; it means to be able to do. (Gibson 1991). Employees who feel strong empowerment have qualities, which make possible a strong sense of self-esteem, successful professional performance and progress in their work (Suminen, et al., 2005). Basically employees' empowerment is mainly concerned with trust, motivation, decision making and breaking the inner boundaries between management and employees (Ongori and Shunda, 2008). Empowerment enables employees to participate in decision making, helping them to break out of stagnant mind-sets to take a risk and try something new.

The importance of empowerment in improving employee's job performance has well been established in many ways. Awamleh (2013) studied 500 employees using descriptive-analytic approach and found a clear link between empowerment and job performance. He stated that empowerment plays significant role in employee's satisfaction thus promoting their performance in organizations. Employee's participation in decision making, delegation of power, access to information and resources and job enrichment are common forms and tools of empowerments. Similar finding was reported by Said (2010), whose results also showed statistically significant positive relationships between employees' empowerment and job satisfaction.

Klidas et al (2011) conducted a survey of employees of 15 hotels in 7 different European countries and reported that stimulating empowerment in employees lead to attainment of targeted goals. Yans and Choi (2012), Wang and Lee (2009) also found significant relationship between empowerment and job performance.

Furthermore, Zemke and Schaefer (1989) found that many famous enterprises, including US Air and Federal Express, applied employee empowerment to improve customer satisfaction. Sparks et al. (1997) also explored the effects of employee empowerment on customer satisfaction. Results revealed that fully empowered employees produce more customer satisfaction. Hartline and Ferrell (1996) agreed but indicated that the use of employee empowerment could have both positive and negative consequences especially for service firms' employees.

6. Conclusion

This paper sought to examine the link between human resource capacity building and job performance. The aspects of human resource capacity building considered were employee training and employee empowerment. The link between human resource capacity building and job performance was strongly established from the review of literature. It is hoped that this finding from the review will provide additional logical motivations for the continuing training and empowerment of employees.

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