

## EFFECT OF HUMAN ASSET DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE IN NIGERIA

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**Abstract:** *To survive, organizations must explore all available avenues that can bring about competitive advantage. It is important that firms truly leverage on the workforce as a competitive weapon, thus the study examined the impact of human asset development on organizational performance. The specific objectives were to: examine the impact of employee self-efficacy on organizational efficiency and ascertain the influence of employee's experience on organizational survival. The study adopted survey research design while the population of the study constitute of 138 employees of CBN Ilorin Branch Kwara state, Nigeria. A sample size of 102 respondents was arrived at using Taro Yamane's (1976) formula. A structured questionnaire was developed by the study which was validated and distributed by the researcher using simple random sampling techniques to the respondents of central bank of Nigerian in Ilorin, Kwara State, Nigeria. The study was analyzed using multiple regression analysis. The findings of the study revealed that Employee's self-efficacy has a significant impact on organizational efficiency with  $R^2 = 85\%$   $p\text{-value} = 0.000$ , and that Employee experience is affected by organizational survival with  $R^2 = 99\%$   $p\text{-value} = 0.000$ , as employees progress on the job and work in cordial relationship with their boss/supervisors, self believe on accomplishing task quicker and better is improved. The study recommended that Employee self-confidence is important for the job as the competency and capability of employees.*

**Keywords:** *Human asset Development, Organizational Performance, Employee self-efficacy, Employee's experience*

### Introduction

A strategy for improving workforce productivity to drive higher value for the firms has become an important focus. Firms seek to optimize their workforce through comprehensive human asset development programmes not only to achieve business goals but most important is for the long term survival and sustainability of the organization. To accomplish this, firms will need to invest resources to ensure that employees have the knowledge, skills, and competencies they need to work effectively in a rapidly changing and complex environment (Marimuthu, Hassan, & Johl, 2009). The human resources create value chain in an organization because no work can meaningfully take place without the indispensable contributions of the human resources. The most automated activities irrespective of the level of sophistication still require human resources intervention to ensure organizational efficiency and excellent performance. Human asset development on the one hand will make all organizational resources to become the life blood of organization because they will continuously surpass customers' expectations and compete favorably in this competitive business environment that is saturated with all kinds of technological advancement (Aboagye, & Benyebar, 2010)

In the opinion of Hettiararchchi and Jayarathna, (2014), the most important asset of every organization is the human resource because while other organizational resources including materials and finance are in themselves idle, the human resources is the most active and of course the “activator” or “mobiliser” of other factors. Meier and Gross (2015) asserts that organizations wastages, repeated losses, poor service delivery, poor quality service and non-compliance with customers’ specifications which adversely affect the performance of organization will all become a thing of the past if an organization takes the issue of human asset development seriously. Therefore, this study would find out the impact of human asset development on organizational performance.

### **Statement of problem**

The fundamental problem of most organizations in our world today is that they desire excellent performance, organizational growth, operational efficiency, workers’ excellent exploit and management effectiveness. Yet, they take the issue of continuous human asset development with levity. The organization that will stand up with its shoulder raised high in this our age that is saturated with daily technological advancement, changes in customers’ tastes and fashion, changes in customers’ expectations and needs, frequent changes in government policies and changes in all spheres of business as caused by political, economic, socio-cultural factors among other factors cannot be indifferent to the issue of human asset development (Baron & Armstrong, 2007).

Nevertheless, the issues of human asset development are not taken seriously by any organizations, this is because of the failure to acknowledge the fact that business setting has become very active and as such only those organizations with the right informational need in the business times can succeed with the right technological manpower to succeed in modern times. This study will therefore fill this gap by examining the effect of human asset development on organizational performance.

### **Research Objectives**

The main objective of this study is to examine the impact of human asset development on organizational performance. While the specific objective are to:

- examine the impact of employee self-efficacy on organizational efficiency;
- ascertain the influence of employee’s experience on organizational survival;

#### *Research Hypotheses*

H01: Employee’s self-efficacy has no significant impact on organizational efficiency.

H02: Employee experience has no significant influence on organizational survival.

### **Literature review**

#### *Concept of Human Asset*

Specifically, Wood and de Menezes (2008) says that human asset management does not limit itself to only the mere award of salary or wages, instead, it concerns with the involvement of the organization as well as in the personal and professional development front regarding the individual employee’s capabilities and skills. Hence, it can be said that the investment on the training, education, skills and expertise and values significantly increase the overall job satisfaction and employee performance along with ensuring less number of job turn over in the organization.

### *Human Asset Development Measurement Approach*

The conventional measurement processes and techniques are identified to be in terms of three aspects as outcome, cost, and income approach. The approaches are identified as following underneath (Cooper & Schindler, 2008):

1. Outcome-based approach: The outcome-based approach is attempted to estimate the stock of human asset utilized as proxy of resource costs. However, the method includes drawback in student's effectiveness and can be identified as participation in productive activities. Again, according to Eigbiremolen, and Anaduaka (2014), the prior studies shows that the measurement is attempted to show the relationship in between the human asset and accumulated educational facility implementation years .

2. Cost-based approach: The cost-based approach is mainly dependent over the human asset sock and total cost investment estimation along with single human asset. The estimation of human asset in this approach is supported with utilizing the individual investment expenditure with depreciation, discounted future income as well (Armstrong, 2006)

### **Dimensions of Organizational Performance**

#### *1. Organizational Efficiency*

Efficiency measures relationship between inputs and outputs or how successfully the inputs have been transformed into outputs (Choudhury & Nayak, 2011). To maximize the output Porter's total productive maintenance system suggests the elimination of six losses, which are: (1) reduced yield – from start up to stable production; (2) process defects; (3) reduced speed; (4) idling and minor stoppages; (5) set-up and adjustment; and (6) equipment failure. The fewer the inputs used to generate outputs, the greater the efficiency.

#### *2. Organizational Survival*

Paying attention to this goal contributes to the satisfaction and execution of other organizational goals as Gross (2010) posits the concept of survival as an unwritten law of every organization. He suggests that every organization must regard survival as an absolute prerequisite for serving any interest whatsoever and those that does not have survival as a primary objective or goal should have re-think. The most objective way to measure survival in organizations is to observe their continuing existence (Sheppard, 2016). Carpenter, Bauer, and Erdogan (2010) supported three measures of organizational survival; adaptability, maintaining high performance standards and achieving functional performance goals.

### **Theoretical Review**

#### *The Knowledge-Based View (KBV)*

The development of a distinctive subset of the RBV, termed the KBV, has been driven by the work of Katou (2009). Therefore, the RBV as a theory in its mission to understand the entire firm fails to develop required depth on its component parts. Furthermore, as the RBV is quite static in nature, it cannot account for how knowledge develops and changes over time (The KBV focuses on knowledge as the most strategically important of the firm's resources.

## **Empirical Evidence**

Oduyoye, Adebola, and Binuyo (2013) examined the effect of human capital development programs in optimizing employee performance in Abia State House of Assembly. 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 organization, 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 researcher concluded that training, seminars, workshops, skill acquisition enhances employees performance 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 programs in the organization.

Egibiremolen and Anaduaka, (2014) examined the relationship between human capital development and corporate performance was investigated using Spearman's Rank Order Correlation Coefficient and using organizational culture as the moderating variable in food and beverages firms in Port Harcourt. The study utilized cross-sectional research design and used questionnaire to collect the primary data. Preliminary analysis was performed to ensure no violation of the assumptions of normality, linearity and equality of variance. The results of the analysis revealed that there were strong correlation between the dimensions of human capital development and the measures of corporate performance.

Ogbebor and Egbule (2006) investigated the effect of human capital development in organizational performance in manufacturing industries in South-East Nigeria. The specific objective includes to; ascertain the effect of knowledge on product quality and ascertain the relationship between skills and promoting of innovation. The study was to evaluate the effect of human capital development in organizational performance in manufacturing industries in South-East Nigeria. The population consists of 6230 staff of selected manufacturing firms from South-East, Nigeria. The study used the survey approach. The primary sources used were the administration of questionnaire to staff and distributors. The sample size of 358 was determined using Ferund and Williams formula. Skills have positive significant relationship on promoting of innovations  $F(95, n=358)=381.631, P<0.05$ ; The study concluded that any organization that does not learn continuously and is not able to continuously list, develop, share, distribute, mobilize, cultivate, put to practice review and spread knowledge will not be able to compete effectively in the global market. The study recommended that to it is important that organizations should training their staff to enable them acquire Knowledge to enhance productivity and the market share of the firms and Provision of new technological equipment and training of workers on the machines should be advised and encouraged for more profitability of the manufacturing companies.

## Methodology

The study adopted survey research design while the sampling technique adopted is simple random and population of the study constitute 138 employees of CBN Ilorin Branch Kwara state. A total number of 102 questionnaires were administered to the staff of the organization which represents the sample size and was arrived at using Taro Yamane's (1976) formula. The responses to the questionnaires were analysed using multi regression at 0.05 significance level for the study with the aid of SPSS.

## Data Presentation And Analysis

### Test of Hypotheses

*H01: Employee's self-efficacy has no significant impact on organizational efficiency.*

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919 <sup>a</sup>	.845	.841	.31944

a. Predictors: (Constant), Confidence, Capability, Competence

Source: SPSS printout, 2021

The model summary table shows that the R<sup>2</sup> which is an indication of the coefficients of determination. The R<sup>2</sup> 0.845 gives approximately 85% which means that 85% (dependent variable) change in organizational efficiency can be explained by same percentage in Employee's self-efficacy (Confidence, Capability, Competence) used by the organization. While the remaining 15% of the organizational efficiency can be determined by other variables.

**Table 2: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.676	3	18.225	178.610	.000 <sup>b</sup>
	Residual	10.000	98	.102		
	Total	64.676	101			

a. Dependent Variable: organizational efficiency

b. Predictors: (Constant), Confidence, Capability, Competence

Source: SPSS printout, 2021

The ANOVA table is analyzed to see if any of the variables is significant, if the p-value is greater than 0.05 then we accept the null hypotheses from the ANOVA table, the p-value is 0.000 which is less than 0.05, the F statistics of 178.610 also implies that the model is fit. This shows that Employee's self-efficacy has a significant impact on organizational efficiency.

**Table 3: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.361E-16	.090		.000	1.000
	Capability	-1.000	.180	-.495	-5.547	.000

Competence	3.000	.187	1.742	16.013	.000
Confidence	-1.000	.244	-.547	-4.099	.000

a. Dependent Variable: organizational efficiency

Source: SPSS printout, 2021

The coefficients of the individual independent variable indicated that Capability (0.000), Competence (0.194), Confidence (0.000) has a significant impact on Organizational efficiency. The t-statistics value of (-5.547) for Capability, (16.013) for Competence, (-4.099) for Confidence, and Beta standard coefficients (-0.495) for Capability, (1.742) for Competence, (-0.547) for Confidence, further suggest that there is a significant relationship between Employee’s self-efficacy and Organizational efficiency. Since alpha level of 0.05 is greater than the p-value of 0.000. The conclusion therefore is that the null hypothesis is rejected while the alternative hypothesis is accepted. Therefore, Employee’s self-efficacy has a significant impact on organizational efficiency. The highest variable is competence (1.742), competence allows employees perform operations in the bank, competence ensures employees fit the job description of the job before being employed. Confidence (-.547) as a proxy although as a significant contributes little to employee self-efficacy indicating employees show little confidence on the job, also Capability (-.495) of employees needs to be improved as the standard set is not met by employees. According to Thelma (2017) attitude to work of employees is vital, employees with high confidence level achieve more and productive of which improves employee productivity and also overall organizational performance.

*Hypothesis two*

*H02: Employee experience has no significant influence on organizational survival.*

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.996 <sup>a</sup>	.993	.993	.07265

a. Predictors: (Constant), Idea, Skills, Speed

Source: SPSS printout, 2021

The model summary in table 1 above shows that the R2 which is an indication of the coefficients of determination. The R2 (0.993) gives approximately 99% which means that 99% (dependent variable) organizational survival can be explained by Employee experience (Idea, Skills, Speed) used by the organization. While the remaining 1% of the organizational survival can be determined by other variables.

**Table 5: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.296	3	24.432	4628.857	.000 <sup>b</sup>
	Residual	.517	98	.005		
	Total	73.814	101			

a. Dependent Variable: organizational survival

b. Predictors: (Constant), Idea, Skills, Speed

Source: SPSS printout, 2021

The ANOVA in table 5 above is analyzed to see if any of the variables is significant, if the p-value is greater than 0.05 then we accept the null hypotheses from the ANOVA table, the p-value is 0.000 which is less than 0.05, the F statistics of 4628.857 also implies that the model is fit. This shows that Employee experience has a significant influence on organizational survival.

**Table 6: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.007	.014		-.515	.608
	Skills	.287	.023	.235	12.540	.000
	Speed	1.628	.055	1.606	29.675	.000
	Idea	-.908	.062	-.837	-14.617	.000

a. Dependent Variable: organizational survival

Source: SPSS printout, 2021

The coefficients of the individual independent variable indicated that Skills (0.000), Speed (0.000), Idea (0.000) has a significant impact on organizational survival. The t-statistics value of (12.540) for Skills, (29.675) for Speed, (-14.617) for Idea, and Beta standard coefficients (0.235) for Skills, (1.606) Speed (-0.837) for Idea, further suggest that there is a significant relationship between Employee experience and organizational survival. Since alpha level of 0.05 is greater than the p-value of 0.000. The conclusion therefore is that the null hypothesis is rejected while the alternative hypothesis is accepted. Therefore, Employee experience has a significant influence on organizational survival. The highest variable is speed. Due to the enormous operation and transaction operated in the bank, the speed of employees are required to handle the bulk operations in the bank. The second variable Skills (.235) shows that employees have the skill set to perform the operations, also idea (-.837) of employees ideas is very important and management should allow for sharing of ideas in d organization. According to (Rabinowitz 2003) Knowledge is progressive, it evolves overtime. Experiential knowledge is an important asset which can be useful for the organization.

## Conclusion

Employee’s self-efficacy has a significant impact on organizational efficiency. Self-efficacy can lead considerably to high individual performance as confidence level of employees is increased. From the findings of the study, it was revealed that competence level of employees is high, as employees progress on the job and work in cordial relationship with their boss/supervisors, self believe on accomplishing task quicker and better is improved. Capability and confidence proved also to be significant self-belief in accomplishing individual task with sufficient

Employee experience has a significant influence on organizational survival. Employee experience is highly important for to work effectively in central bank of Nigeria. From the findings speed, skills and idea revealed to be significant which is very important. Employees speed to accept task and finish task in a short period of time helps saves time making employee efficient on the job. The skills to perform such transactions and complex

nature of the job, the skills of employees need to be highly rated, ideas of employees in essential in making decisions. To ensure the long term sustainability of the firm employee's ideas and opinions is highly needed to move the organization forward.

### *Recommendations*

- i. Employee training is very important and therefore should be given much attention to, provision of needed fund and giving the right education and knowledge of the banking operations to employees help increase their capability on the job.
- ii. Employees with sufficient working experience should be considered for employment due to the technical and complex nature of the job. Employee experience helps in improving the effectiveness and efficiency of the job, skills and speed of the employees makes the job faster and easier to perform and avoid wastage for the organization.

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