Human Capital Management and Survival of Private Hospital in Port Harcourt, Rivers State, Nigeria

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Abstract: This study investigated the relationship between human capital management and survival of private hospitals in Port Harcourt, Rivers State Nigeria. The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through self-administered questionnaire. The population for the study was 143 management staff of 10 private hospitals in Port Harcourt. The sample size of 105 was determined using calculated using the Taro Yamane’s formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. Results from analysis of data revealed that there is a significant relationship between human capital management and survival of private hospitals in Port Harcourt, Rivers State Nigeria. The study recommends private hospital management must develop procedures for assessing and handling human capital. The individual’s main areas of responsibility must be structured according to their training, skills, expertise, experience and field of interest. This is never a burden for work.

Keywords: Human Capital Management, Survival, Adaptability, Innovativeness

INTRODUCTION
The aim of a healthcare system is to employ healthcare, social and other resources to meet people’s needs within a given region (Kerleau & Pelletier-Fleury 2002). Ideally, a healthcare system should encompass everyone, from the individual who is ill and in need of care to the paramedic who brings the individual to a hospital, from the nurses who tend to the sick person to the doctors who diagnose the patient, from the pharmacist who dispenses drugs for the patients “use to the surgeon who performs surgery on the patient (Wei, Polsa, Spens & Antai, 2007). In many countries, the healthcare system also includes the insurance agencies (social or private) that take decisions based on the type and extent of care to be administered. Large differences in healthcare systems exist between countries. These variations are even more evident between developed and developing countries. Numerous developed countries see the providing of healthcare as a social responsibility and provide universal coverage for its citizens, usually financed by the tax or social
security system. For most less-developed countries, however, universal healthcare coverage is still more or less a dream. Consequently, many such countries have turned to the private sector for its healthcare needs, basic healthcare as well as health insurance.

In low-income countries like Nigeria, private services are popular because they “... are often cheap ... (and) are adjusted to the purchasing power of the clients, as when partial doses of drugs are sold” (Mills, Brugha, Hanson & McPake, 2002: 326). However, one of the problems with the private services has been the fact that the poor quality of these private sector actors has been reported in many studies on developing countries (Uplekar, 2000; Tuan, Dung, Neu & Dibley, 2006). It must be stated that the role of human capital in the driving the process of quality service delivery cannot be underestimated.

The importance of human resources to any business organization has long been realized and stressed. This realization of the value of human resources led to the proposal by experts that they should be classified as “assets”, hence the term “human capital” (Anderson, 2005:18). To get the best out of the human resources in an organization, there must be substantial and meaningful investment in 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 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 performance 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 performance (Ugwunna, 2007).

There has been a shift from production economy to knowledge economy in the 21st Century which has changed how employees are viewed in an organization. The knowledge capital of an organization comprises of the intangible abilities and skills of the employees and the knowledge of the organization’s structures, routines, systems and processes. 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 results. Therefore, human capital is a collation of resources that consists of experience, intelligence, skills and knowledge that are possessed by an individual. Han and Brass (2014) says that human capital deals with the development and creation of new ideas and knowledge and facilitation of social capital through internal relationships by sharing of knowledge and ideas. Creation of new and unique knowledge in human capital complements a firm’s structural and innovation capital.
Human capital management (HCM) is concerned with purposeful measurement and involves use of measures to manage people and regards them as assets and investment in them through employee engagement, retention, talent management and development programs which creates a competitive advantage. Russo (2010) defined human capital as the wealth generating potential that exists within people who work for an organization and embraces all facts of their knowledge, skills and intellectual properties; it encompasses that skills, experiences and efforts of the workforce, and their ability and willingness to do things on behalf of the organization. Therefore, it is very key that an organization acquires and even more importantly retains a workforce that is motivated, energetic and committed to the mission and values of the organization. One of the ways of ensuring this is through the practice of employee engagement. Organizations establish social networks for employees with relevant knowledge, skills and competencies where they are encouraged to obtain and share information to achieve competitiveness. Development enhances skills and competence of staff and ultimately worker performance and productivity in organizations. Therefore, the purpose of this study is to examine the relationship between human capital management and survival of private hospitals in Port Harcourt.

This study was guided by the following research question:

i. What is the relationship between human capital management and adaptability of private hospitals in Port Harcourt?
ii. What is the relationship between human capital management and innovativeness of private hospitals in Port Harcourt?

Fig.1: Conceptual framework for the relationship between human capital management and survival

Source: Author’s Desk Research, 2019
LITERATURE REVIEW
Theoretical Foundation
Human Capital Theory
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 an individual can be made in terms of health, nutrition, education, and any other development that results in long-term benefits. It is important to clarify that the investor in this particular case is the 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.

Human capital theory thus focuses on educational level of employees as a source of labour productivity and economic growth (Becker, 1993; Shultz, 1993). However, in terms of benefits to an organization, general knowledge is not the most important element. One of the most influential theoretical concepts of human capital theory is the distinction between general and specific training and knowledge (Becker, 2001). The amount of human capital in the organization is linked to how well a certain task is performed; this proposition changes at the firm level and in the context of firms with significant amounts of human capital.

The theory is associated with the resource based view of the firm Barney (1991), developed a theory that proposes that sustainable competitive advantage is attained when the firm has a human capital that cannot be imitated or substituted by its rivals, for the employer investments in training and developing people is a means of attracting and retaining human capital as well as getting better returns from those investments. According to Barney (1991), the link between organizational human capital and performance can be understood in the context of the resource-based view of the firm, which associates superior performance with the possession of resources that are valuable, rare, inimitable, and no substitutable. Knowledge is a resource that readily meets these conditions, is heterogeneously distributed across firms, and is therefore critical and central to understanding differences in performance (Spender, 1996). Not all knowledge, however, renders a firm unique it is its tacit component, embedded in the firm’s social context that makes the yielded advantage long lasting (Spender, 1996).

Human Capital Management
Human capital is a component of intellectual capital which has been referred to as a strategic asset (Bontis, 1998) and this is what makes an organization to perform better due to its unique characteristics that cannot be imitated. These returns are expected to be improvements in business performance, human productivity, flexibility and the capacity to innovate that should result from enlarging the skills base and increasing levels of knowledge and competence. According to Schuller (2000), persuasive skills, knowledge and competences are key factors in determining whether organizations and firms will prosper or fail.

Human capital refers to an organization’s human aspect, i.e. the mixture of individual skills, abilities and knowledge (Bontis, Dragonetti, Jacobsen & Roos, 1999). They further emphasized the importance of human individuality to initiate, improve and innovate in
the organization through motivational elements, indicating the secret to the long-term survival of an organization.

Stewart (1997) defines human capital as the capacity of those in the organization that are references to innovation and modernization. Human capital (employees) has become one of the organizations' most important resources in both theory and practice. While one may argue that human capital is the most difficult to manage among all the components of intellectual capital, it remains irreplaceable and most important. Which suggest that business owners should be vigilant when making decisions that affect human capital and that it is imperative that businesses manage their human capital efficiently in order to maintain competitive advantage.

Organizational Survival
Organizational survival in this context is described as the ability of the organization to continue in existence (Sheppard, 1989). It is used to denote sustained learning and adaptive characteristics stemming from the organizations tendency for continued adjustment to changes; seen and unforeseen; in the internal and external environment. This description implies an ability or effort by the organization to continue to meet with the demands of the market, its staff, shareholders, investors, host communities, the government and other interested parties. According to Sheppard (1993), survival, he argues translates into an organizations profitability margin, size of market share, organizational size, age and general financial conditions which as he observes all inter-relate to enhance functionality.

Ogunro (2014) as cited in Gabriel (2015) attributes the survival and success of organizations to various factors; firstly technology, which translates into the organizations research and development activities, technological incentives, and the level of change associated with technology. Secondly, ecological factors which translate into contextual and environmental aspects such as climate issues and weather which affect farm and industrial related businesses. Thirdly, Legal factors which translate into discriminatory law, consumer law, antitrust law, employment law, safety and health law and finally economic factors which translate into interest rates, inflation rates and exchange rates. Ogunro (2014) cited in Gabriel (2015) dwells extensively on the survivability of the organization as a product of its success in surmounting identified environmental challenges and seizure of opportunities. The business to this stage has proved that it is a workable entity and has enough customers and it satisfies them sufficiently with its products and services. Long term survival of organization and not the financial performance should indicate success of the organization.

Measures of Survival
Adaptability
Adaptability represents the capability of an enterprise to react quickly to opportunities and risks and convert them into business advantage (Macmillan & Tampoe, 2000). Adaptability refers to; the capacity to respond to the needs of customers and clients; the ability to make optimum choices; an intentional response to change based on the information regarding the environment - past, present and future; Recognising that primarily people are the ones who must adapt not organisations. People must be empowered to: take sensible risks, build new capabilities, experiment, adjust their behaviours, be fearless, learn from their failures and share
their experiences with others; Simplifying the organizational structure of the company, if deficiencies are proven. Adapting to the permanent changes in the business environment represents a continuous process that consumes many resources in an organization, like time, effort and energy.

To survive and make profit, organizations need to adapt continuously to the different levels of environmental uncertainty (Amah & Baridam, 2012). Organizations need to have the right fit between internal structure and the external environment. Adaptability has also come to be considered an important response option worthy of research and assessment, not simply in order to guide the selection of the best mitigation policies, but rather to reduce the vulnerability of groups of people to the impacts of change, and hence minimize the costs associated with the inevitable (Smit & Pilifosova, 2001).

**Innovativeness**

McFadzean, O'Loughon and Shaw (2005), described innovation as a process that gives the organization, its consumers and suppliers additional value through new methods of advertising and the development of new technologies, products and services. Schumpeter (1949) introduced the concept of creativity for the first time. In the entrepreneurship phase, creativity was emphasized by defining economic growth generated by changes to the existing competitive economy by the implementation of new products and services. Likewise, the literature on entrepreneurship defines creativity as an attempt to discover new possibilities and solutions (Dess & Lumpkin, 2005).

Innovation has been described as the introduction of new or comparatively better quality production and delivery processes. Interestingly, this definition has also been expanded in a more recent and third edition to include new organizing methods in business practices, the organization of the workplace and external relations (OECD, 2005). Ngoc Ca (2009) proposed in that direction that technology not only needs various types of activities but also involves continuous improvement across implementations. It involves opportunities of training that are necessary for the successful functioning of the engineering process. The OECD proposed that technology should be presented within the scope of companies in order to make the idea more functional (Mel, McKenzie & Woodruff, 2009).

**Human Capital Management and Survival**

A research study conducted in 2010 by CFO Research Services reveals that human capital issues as a key culprit in failed and subsequent financial woes. The researchers looked at how organizations are handling human capital issues related to transactional activity. The results of the study suggested that HR offers unique value and guidance, particularly on how to manage and price human capital assets which can significantly contribute to successful pre-and post transformational events (Hewitt, 2010). Human capital development entails the human resource department giving employees new skills, information, and opportunities for professional and career development. There are many studies that have been done on the effect human capital management on employee performance and few have been done on the effect of human capital development on employee performance focusing specifically on the
employee skills, employee perception and on the employee engagement at the Co-operative Bank of Kenya. Literature will be reviewed based on the study objectives.

A study titled regions, human capital and new firm formation in England by Beckman (2013) investigated on the importance of human capital at individual, firm and regional level through its effects on returns to education, firm productivity and new firm formation. The empirical analysis was based on data for period 1997 - 2007 at the municipality level in Sweden. The study found out that access to human capital has a positive impact on new firm formation.

Oyinlola and Adeyemi (2014) studied the impact of human capital development on organizational performance in the Nigerian banking sector, with a particular reference to the Osun State. Primary source of data was used, using questionnaire as a research instrument. A total of 351 copies of questionnaire were distributed to the branches of four selected banks spread across the State, using judgmental and simple random sampling techniques. Out of these, 302 copies were filled and returned, forming the basis of data analysis. The study concluded that significant relationship exists between human capital development and organizational performance in the banking industry. This study did not look at individual employee performance.

Odhong, Were and Omolo (2014) investigated the effect of human capital management drivers on organizational performance in Kenya a case of Investment and Mortgages Bank Ltd. The study adopted a case study research design and stratified random sampling. Qualitative and quantitative techniques of data analysis were used. The study concluded that it is possible to use human capital management drivers to benchmark organizational capabilities, identify human capital management strengths and weakness, and link improvements in specific Human capital management practices with improvements in organizational performance and obtain sustainable competitive edge.

Chen, Zhu and Xie (2004), indicated that human capital relates to factors like employees' learning, aptitude, employee engagement, capability, and attitudes which relates to improving performances which clients pay for and the organization's benefit originates from. Odhong and Omolo (2015) carried out a study on the effect of human capital investment on organizational performance of pharmaceutical companies in Kenya. The study looked at four independent variables; training, education, knowledge management and skills development and used the theories of human capital, skill acquisition and sustainable resource. Questionnaires method was used to collect data and data was analyzed using descriptive and inferential statistics. It found out that there is a positive significant relationship between human capital investment and organizational performance. The study however, recommended that there should be provision of quality education and relevant training that is linked to industry requirement and adoption of German Dual Vocational Education and Training System to facilitate and strengthen the linkage between education sector and the industry. The study also recommended the promotion of knowledge management through teamwork and knowledge management to enhance skills development. The study recommended the introduction of skill development fund to equip people with relevant skills required in the dynamic global market place. The study looked at human capital investment on organization performance while this study is looking at human capital management on employee performance.
Based on the review, the following hypotheses were formulated:

$H_{01}$: There is no significant relationship between human capital management and adaptability of private hospitals in Port Harcourt, Nigeria.

$H_{02}$: There is no significant relationship between human capital management and innovativeness of private hospitals in Port Harcourt, Nigeria.

**METHODOLOGY**

The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through self-administered questionnaire. The population for the study was 143 management staff of 10 private hospitals in Port Harcourt. The sample size of 105 was determined using calculated using the Taro Yamane’s formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Cronbach’s Alpha Coefficients Constructs</th>
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<tbody>
<tr>
<td>Cronbach</td>
<td>No of Items</td>
</tr>
<tr>
<td>Human capital management</td>
<td>3</td>
</tr>
<tr>
<td>Adaptability</td>
<td>3</td>
</tr>
<tr>
<td>Innovation</td>
<td>3</td>
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</tbody>
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*Source: Research Desk 2019*
DATA ANALYSIS AND RESULTS

Fig 1: Scatter graph for the relationship between HCM and Survival

The apparent pattern of the cases in the scatter plot sloping upwards from left to right is an indication of existing linear and strong positive relationship between HCM and Survival. This is affirmed by the linear $R^2$ of 0.653 indicating that a very strong linear relationship exists.

Table 1: Correlation HCM and Adaptability

<table>
<thead>
<tr>
<th></th>
<th>HCM</th>
<th>Adaptability</th>
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<tbody>
<tr>
<td>HCM</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>73</td>
</tr>
<tr>
<td>Adaptability</td>
<td>Pearson Correlation</td>
<td>.726**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>73</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

$H_{01}$: There is no significant relationship between human capital management and adaptability of private hospitals in Port Harcourt, Nigeria.

The correlation coefficient ($r$) shows that there is a significant and positive relationship between human capital management and adaptability. The $rho$ value 0.726 indicates this relationship
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and it is significant at p 0.000<0.01. The correlation coefficient represents a strong correlation between the variables. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between human capital management and adaptability of private hospitals in Port Harcourt, Nigeria.

Table 2: Correlation for HCM and innovativeness

<table>
<thead>
<tr>
<th></th>
<th>HCM</th>
<th>Innovativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.812**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>73</td>
<td>73</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Ho2: There is no significant relationship between human capital management and innovativeness of private hospitals in Port Harcourt, Nigeria.

The correlation coefficient (r) shows that there is a significant and positive relationship between human capital management and innovativeness. The rho value 0.812 indicates this relationship and it is significant at p 0.000<0.01. The correlation coefficient represents a very strong correlation between the variables. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between human capital management and innovativeness of private hospitals in Port Harcourt, Nigeria.

DISCUSSION OF FINDINGS

The hypotheses tested the relationship between human capital management and measures of survival of private hospitals in Port Harcourt, Nigeria. The study findings revealed that there is strong positive relationship between human capital management and measures of survival of private hospitals in Port Harcourt, Nigeria. This finding of agrees with the previous studies conducted by Bapna, Langer, Mehra and Gupta (2013) who did a study on human capital investment and employee performance in the IT services industry. The study was aimed at looking at whether human capital investment is directed towards employee training and if it is effective in improving employee performance. The study found out that there is a significant positive impact of training on employee performance.

Similarly, the current study finding concurs with the findings of Munjuri (2011) who carried out a study on the effect of human resource management practices in enhancing employee performance in catholic institutions of higher learning in Kenya where the variables

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looked at were: - effect of training, performance related pay, employee empowerment, job design and job security on employee performance. This finding reinforces views by Cosar (2011) who posited that with increasingly globalization, human capital development is a necessity for industrial productivity has continually attracted both academic and public interests even the oil and gas sector. Human capital development is widely acknowledged as an agent of national development.

CONCLUSION
According to Bontis (2008), human capital through learning and education of employees, their experience and expertise and also their innovation and creation yields the best results of business performance and is a source of competitive advantage for organizations. This study therefore concludes that human capital management significantly influences of survival of private hospitals in Port Harcourt, Nigeria in terms of adaptability and innovativeness.

RECOMMENDATIONS
The following suggestions were given based on the results of this report;

i. Private hospital management must develop procedures for assessing and handling human capital. The individual's main areas of responsibility must be structured according to their training, skills, expertise, experience and field of interest. This is never a burden for work.

ii. The leadership of the organization, through creative methods, should insure that everyone grows and grows effectively.

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