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THE VALUE OF HUMAN CAPITAL IN PRIVATE INSTITUTIONS OF HIGHER LEARNING IN MOZAMBIQUE

O valor do capital humano em instituições privadas de ensino superior em Moçambique

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ABSTRACT

In the modern business world, human capital plays a pivotal role in promoting sustainable business and organizational growth. Through employee performance, productivity is enhanced leading to profitability. In this case, private institutions of higher learning in Mozambique are not an exception. With this in picture, it is of no doubt that human capital has a greater value to organizations or companies as the knowledge and skills it possesses make it the most important resource as compared to other resources within organizations. The knowledge and skills enable the human capital to innovate and create in the operational processes, which make companies to be competitive in the market. For the human capital to be able to show its value, institutions should invest in it through capacity building, total rewarding and creation of conducive working environment. The results of the study on the private institutions of higher learning in the provinces of Maputo and the city of Maputo support the above considerations.

Keywords: Human Capital, Value and Employee Performance.

RESUMO

No mundo empresarial moderno, o capital humano desempenha um papel fundamental na promoção do crescimento empresarial e organizacional sustentável. Através do desempenho dos funcionários, a produtividade é elevada, conduzindo à rentabilidade. Neste caso, as instituições privadas do ensino superior em Moçambique não são uma excepção. Com tudo, não há dúvida de que o capital humano tem um maior valor para as organizações ou empresas, uma vez que o conhecimento e as competências que possui fazem dele o recurso mais importante em comparação com outros recursos dentro das organizações. Os conhecimentos e competências permitem ao capital humano inovar e criar nos processos operacionais, o que faz com que as empresas sejam competitivas no mercado. Para que o capital humano possa mostrar o seu valor, as instituições devem investir nele através do desenvolvimento de capacitação, da total recompensa e da criação de um ambiente de trabalho propício. Os resultados do estudo sobre as instituições privadas de ensino superior nas províncias de Maputo e da cidade de Maputo apoiam as considerações acima referidas.

Palavras-chave: Capital Humano, Valor e Desempenho dos Empregados.

1. INTRODUCTION

Human Capital/Resource Management can best be described as the comprehensive set of managerial activities and tasks concerned with developing and maintaining a qualified workforce in ways that contribute to organizational effectiveness and efficiency. Developing and maintaining a qualified workforce is made possible if the company invests in its employees through total rewarding, training and development. The importance of human resource is evident in the evolution of HRM over years, characterised by phenomenal changes and movements. All was based on trying to improve the working conditions and status of the employee at workplace and even out of work. This is important because by improving the working conditions and status of the employee, the company will be investing in the human capital. An investment in human capital shows the value it has in a company. Human capital has a great value since it is responsible for the sustainable growth of an institution. Through creativity and innovation at work, human capital spearheads organizational operations. It makes use of other physical resources an organization possesses through its knowledge and skills, thereby enhancing productivity.

Human Capital/Resource Management has been evolving for centuries, undergoing many stages that show many developments and shifts in thinking that have conspired to bring about the evolution of human resource management (HRM). These stages include the pre-industrialised period of craftsman and their apprentices. During this period the apprentice lived in the workplace or home of his master and the master took care of his health and welfare. After the industrial revolution in 18th century the small cotton-based guild manufacturing converted into large factories and more people were employed to produce through machines. The unhygienic and arduous work in factories led to many labour riots and the government stepped in to provide basic rights and protections for workers. The need to comply with such statutory regulations forced factory owners to set up a formal mechanism to redress issues concerning labour. An increased competition and pressing demands to fulfil orders made factory owners to take serious note of productivity and issues such as employee absenteeism, and high turnover came into focus in the early 1900s and this gave rise to Personnel Management. This was followed by the Human Relations Movement which presents an alternative and opposite approach to scientific management as it focuses on the individual and not the task. Different theories during this period which include the famous Hawthorne Studies (1924- 1932) of Elton Mayo, Abraham Maslow's Hierarchy of Needs (1943), Douglas McGregor's Theory X and Theory Y (1960) and, Frederick Herzberg's Hygiene-motivation Theory (1959) came into being regarding motivating employees. The Human Resource Movement later came into picture after the Korean War of 1950-1953, when a new class of college-educated managers emerged with a greater sense of social responsibility. This group of managers emphasized the relationship between employers and employees rather than scientific management. Programs to increase wages and fringe benefits continued to be developed. Also the idea of taking care of employees like other resources emerged.

In the 21st Century, the Strategic Human Resource Management came into existence and even today many companies or organizations are using it in trying to have a competitive edge over their competitors in the market through strategic management of their workforce. Strategic Human Resource Management (SHRM) as proactive management is an improvement of the traditional Human Resource Management (HRM), since it serves to align the organizational strategy with the organization's human resource practices so as to achieve the strategic goals of an organization. This is different with Human Resource Management (HRM) which focuses more on the implementation of management principles in managing of employees. Under SHRM employees are motivated through strategic human resource planning, strategic employee recruitment and selection, strategic human resource integration, strategic employee function description and analysis, strategic employee performance evaluation, strategic employee compensation, benefits and incentives (total rewards), strategic employee hygiene and safety plan, strategic employee training and development, and strategic human resources control and auditing. This means that SHRM is modern and very relevant in attaining organizational objectives and goals, at the same time investing in human capital. The ultimate result of SHRM is sustainable growth of an organization.

Focusing on the private institutions of higher learning in the provinces of Maputo and Maputo city, Mozambique namely: Instituto Superior Mutasa (ISMU), Universidade de São Tomas de Mocambique (USTM), Universidade Wutivi (UniTiva), Instituto Superior de Ciencias e Tecnologia de Mocambique (ISCTEM), Instituto Superior de Economia e Gestao (ISEG), Instituto Superior de Investigação Científica (ISIC) and Instituto Superior Mae Africa (ISMA), it is important for the owners and the management of these institutions to train, develop and reward totally their employees because in the long run, they will benefit from this investment. These enterprises or institutions will benefit through high employee performance, coupled with low turnover. They will be able to retain their skilled and talented workforce and even attract more competent employees, thereby promoting high productivity. Thus, the sustainable growth of private institutions of higher learning in Mozambique depends on its human capital.

1.1 Theoretical Framework

The study on the value of human capital in the private institutions of higher learning in the provinces of Maputo and Maputo city, gives rise to a research question constructed through the comprehensive review of literature across the field of human capital, specifically the resources based view (RBV) theory. There are variety of opinions about who was the first person that introduced the resources based view (RBV) theory. There are some studies which propose out that the first person who introduced the RBV theory is Ricardo in 19th century. Other studies believed that the RBV theory was introduced by Penrose (1959). According to Penrose (1959), the resources that are heterogeneous have the characteristic such as hardly to be imitated, valuable and rare which is beyond organizational control. A firm can only have a sustainable competitive edge over its competitors if these resources are less or not mobile. Thus, human capital is one of the heterogeneity resources that can be used by the firm. The study forwarded the idea that the resources based view theory emphasizing on the internal factors and the performance of the firm that could increase their sustainable competitive advantage. Hence, this study used human capital as an element in the internal factor that helps to increase the firm performance.

What is the value of human capital in private institutions of higher learning in Mozambique? This research question is based on the studies done by, Rastogy (2000), Musa and Semasinghe (2014), Muhammad et al, (2012), Sharabati et al (2010) on the role of human capital in a firm. The study findings of Musa and Semasinghe (2014) identified a positive relationship between capacitated human capital and higher firm performance. This was echoed by the study findings of Rastogy (2000), which concluded that, entrepreneurs who invest in human capital are able to enhance their business capacity. On the same note Musa and Semasinghe, (2014) found human capital as a tool that increases the firm competitiveness as it becomes the instrument to increase the productivity. This is because human capital can positively affect the firm performance by helping the entrepreneur in planning and venturing strategies. Besides that, it also assists the entrepreneur to get financial assistance and physical capital easier. Muhammad et al., (2012), found innovation also as an element of human capital at work which is closely interlinked with education and knowledge. Without human capital, the firm will be unable to think of new ideas and create an innovation. From here, it is clear that in order for the entrepreneurs to produce innovations, they have to invest in human capital. The study done by Sharabati et al. (2010) showed that, innovations have a significant positive impact to the firm performance. Unger et al. (2011) throughout their studies concluded that human capital gives a significant positive impact to the firm's performance.

2. METHODOLOGY

Research methods are the strategies, processes or techniques utilized in the collection of data or evidence for analysis in order to uncover new information or create better understanding of a topic. Research can be, quantitative, qualitative, or mixed (hybrid), so are the research methods. The quantitative research gathers numerical data which can be ranked, measured or categorized through statistical analysis. It assists with uncovering patterns or relationships, and for generalizing. This type of research is useful for finding out how many, how much, how often, or to what extent. The qualitative research gathers data about lived experiences, emotions or behaviors, and the meanings

individuals attach to them. It assists in enabling researchers to gain a better understanding of complex concepts, social interactions, or cultural phenomena. This type of research is useful in the exploration of how or why things have occurred, interpreting events, and describing actions. The mixed research (hybrid) integrates both qualitative and quantitative researches. It provides a holistic approach combining and analyzing the statistical data with deeper contextualized insights. Using mixed research methods also enables triangulation, or verification of the data from two or more sources.

This study is a mixed (hybrid) research which has qualitative and quantitative elements. This means that both qualitative and quantitative data collecting methods were used, namely: questionnaires and Focus Group Discussions (FGDs). The researcher took three (3) months in total to collect data using questionnaires and focus group discussions. The data collected provides the rich textual data necessary to address the research problem in question. The primary data was buttressed by secondary data acquired through a desk research on the subject under study.

The target population in this study is a total of one thousand, five hundred (1 500) employees of Instituto Superior Mutasa (ISMU), Universidade de São Tomas de Mocambique (USTM), Universidade Wutivi (UniTiva), Instituto Superior de Ciencias e Tecnologia de Mocambique (ISCTEM), Instituto Superior de Economia e Gestao (ISEG), Instituto Superior de Investigação Científica (ISIC) and Instituto Superior Mae Africa (ISMA). The targeted private universities constitute 35% of the total number of private universities in the provinces of Maputo city and Maputo. The employees of these private universities who were targeted respondents of questionnaires and participants in FGDs will include the academic and non-academic staff. The inclusion criteria for the study will require individuals to have at least 1 year of experience within a company.

A sample of five hundred (500) university staff managed to participate in the FDGs and answered the questionnaires. These were the university employees who were available at work and they were willing to answer the questionnaires and participate in the FDGs physically. Some employees were busy to such an extent that they could not partake in this research. Some of the questionnaires were answered online while some of the FDGs were also conducted online through Zoom and Google meet. This sample constituted 33.3% of the targeted population in this research. This was a reasonable percentage which makes the sample a true representative of the opinions and experiences of the target population in relation to the role of human capital in the success of private universities.

3. RESULTS

According to Miguel et al, (2008), performance is the combination of competence and commitment. Therefore, employee performance is how a member of staff fulfils the duties of their role, completes required tasks and behaves in the workplace. This is essential as all amount to production at work. Without employee performance, the firm cannot grow neither can it make profit. Task performance includes manual work and use of technology in order to accomplish a particular task. This is done by an employee and is essential in making other factors of production useful. In doing these tasks, performance need to be measured and evaluated. Measurements of performance include the quality, quantity and efficiency of work. When leaders monitor the performance of employees, they can paint a picture of how the business is running. This does not only help to highlight what companies could be doing in the present to improve their business, but this information also feeds into future growth plans. In this sense employee performance remains one of the important roles of human capital towards the success of the firm. However, placing a focus on employee performance doesn't just benefit the business. It also helps employees to reach their full potential, while also improving overall performance, which can have positive effects on morale and quality of work produced. Lastly, but most importantly, when employees are under-performing, customers may be dissatisfied. As a result, the entire business may be affected by poor performance and struggle to reach goals. Therefore, effective task performance enables a business to reach its goals.

4. DISCUSSION OF RESULTS

Organizational productivity is an average measure of the efficiency of production. It can be expressed as the ratio of output to inputs used in the production process, i.e. output per unit of input. When all outputs and inputs are included in the productivity measurement it is called total productivity. The inputs include the effort rendered to the organization by the employees. The effort is provided by employees as individual or groups with an aim of making the firm achieve its goal and objectives. In this case, it means that without employees a company cannot attain its goal and objectives. De Silva (2008), notes that individual performance is often difficult to measure objectively and an exclusively individual performance-related system can damage teamwork. Instead, he proposes team-based criteria in cases where individual performance is difficult to measure, or where there is a need for a corporate culture to promote team values and cooperation, or where the roles of individuals are more flexible, or where the expected performance depends more on team, rather than individual efforts.

Employee turnover is the number of workers leaving an organization or company over a certain period of time. Satpathy and Das (2014) echo the same by saying that, employee turnover is the process of swapping one employee with another for any cause in a permanent way. It is mainly attributed to poor working conditions, lack of employee training and development and, low remunerations within a company. Employee retention is the opposite of employee turnover and is a positive indication that the firm is heading towards success. Employees provide a long service to the firm if the firm is valuing them. Employee long service is essential in boosting organizational stability. Thus employees are responsible for stabilizing a company as they work for it for a long time. Consistency in providing quality services to a firm through required skills for a long time, makes the company's high status in the market to be maintained or improved. Other companies will be having better working conditions, elevated remunerations and, employee training and development programs which attract those employees and encourage their long stay in the company. Working conditions, employee remunerations and, employee training and development amount to investing in human capital at workplace. Once a company invests in its human capital by offering competitive salaries and bonuses, recognition, better working conditions and, training and development, an employee find no reason of leaving a particular company. Thus, Frota, (1983) proposes that it is the duty of managers to reduce employee turnover, thereby raising the rate of productivity and organisational loyalty within a firm.

Brown (2007) states that, every business, whether it's big or small, goes through the 4 stages of business growth. These are start-up, growth, maturity and renewal or decline. For these stages to be successful, disregarding the decline stages, skilled and knowledgeable and skilled human capital is required. Many people consider the first stage of a business' life cycle to be the riskiest (Pasanen 2007). This because many businesses fail in this stage. There are many reasons why businesses fail. Not making necessary changes to one's business model can be one. In the start-up phase, one can spend most of his/her time and effort to bring his/her business idea to life. One will be likely trying to get the word out about his/her product or service, while balancing other key responsibilities. As a start-up, it's not uncommon for one to wear many different hats to get his/her business up and running. To take the business to the next level, one needs to make sure that his/her company is efficient and has a system in place to allow for growth. This means, hiring employees, knowing how to delegate tasks and establishing a creative culture. Thus knowledgeable and skilled manpower plays a pivotal role in sustainable growth of a firm.

Employees play an important role in marketing the products or services a firm sell in the market. They promote and sell institutional products or services to the existing and potential customers. Employees working in the marketing department are responsible for active marketing as they constitute a group of the personnel responsible for market research and marketing. They can do either tradition or e-marketing. E- Marketing (Electronic Marketing) is referred to as a modern business practice which acts as an enabler when purchasing goods and services as well as getting information and ideas about a product through the World Wide Web and other auto electronic ways. Traditional marketing in offline through print, broadcast, direct mail, phone or outdoor advertising like billboards. Employees in the marketing department, by applying these two types of marketing will be in a position to attract more customers for the firma. In the process of market research, they research on the products or services needed by the market and help in gathering more information about the market taste and competitors in the market. At the same time they will be also strategizing on the

best prices the company can adopt that suit the buying power of the customers. Market penetration prices for new products or services come with the marketing department of the firm. Product upgrading is proposed by the employees involved in a marketing after conducting a market research. Furthermore, through marketing the employees make sure that, the firm is in constant and effective communication with the customers, which is important in business. Constant and effective communication with the customers enables the company to have a competitive advantage in the market by meeting the demands of the customers through satisfying their needs.

Employee capacity building as an important program in a firm meant to empower employees with skills and knowledge required at work, can be either conducted by an internal or external trainer. In case of it be conducted by an internal trainer, this means that the internal trainer will be the employee of that company. The training though being done by the fellow employee of the same company, that employee will be possessing the skills and knowledge required in capacitating his or her workmates in order to improve their competence at work. This trainer will be playing his or her role in employee capacity building. The company will be making use of its internal resources and it will be cheap for it will be unlike hiring an external trainer. The trainer being the human resource of the company, this justifies the point that knowledge and skills are created and stimulated by human resources (Canibano and Potts, 2019).

From the questionnaires answered by the employees of private institutions of higher learning in the provinces of Maputo city and Maputo and, the FGDs which they participated in, it was noted that human capital plays a pivotal role in performance, which leads to high institutional productivity and sustainable growth. This means that, human capital has a greater value and is the most important asset an institution possesses. There is a great difference between human capital and other assets a company possesses, like land and machinery. The difference signifies the importance of human capital in company. The significant differences are that human capital is an active factor of production, while other assets like land, buildings and machinery are passive factors of production (Goprep, 2020). Human Capital connotes the experience which an employee takes to the organization in the form of knowledge, skills, abilities, talents, intelligence, values etc. which he/she has accrued over time. As a result, the employees are perceived as an asset, whose value can be increased, by investing in their training and development, like any other asset of the company. Also the value of human capital can be increased through total rewarding and provision of conducive working environment. All these factors motivate the employees to perform high leading to high institutional productivity.

The study portrays the aggregate value of the firm's intellectual capital, which is a sustained source of creativity and innovation. It is a standard used to ascertain the economic value of an employee's skill set. Human capital is not owned by the company rather rented from employees, and so there remains an uncertainty of being lost, when the employee leaves the organization. Human resource possesses the knowledge and skills required in institutional production. This makes it an affective factor of production because in the application of the skills and knowledge, it makes use of the passive factors of production like land, machinery and infrastructure. For example, in institutions of higher learning, lecturers make use of projectors, textbooks and classroom in the delivering of lessons. Without the human capital, all these passive assets are of no use or importance. The knowledge in the textbooks is interpreted and transmitted to the students by the lecturers. Without them, textbooks are of no importance in educational institutions. Therefore, human capital is a valuable resource with an organization or institution.

5. CONCLUSION

Human capital is essential in institutions of higher learning in Mozambique because, through their performance institutional operations take place. It activates all other physical resources like land, infrastructure and technological equipment into use so that they can be useful in attaining institutional goal and objectives. Human capital uses knowledge and skills for it to be able to perform. This also calls for the owners and management of private institutions of higher learning to invest in their human capital so that it can be motivated to perform high. The great value of human capital can only be

noticed or experienced when it is motivated. Its value is evident in promoting sustainable growth of private institutions of higher education through performance buttressed by innovation and creativity.

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