HUMAN CAPITAL, EMPLOYEE EMPOWERMENT AND ORGANIZATION PERFORMANCE

Jocelyne S.
University of Nairobi, School of Business, University of Nairobi, Kenya

Kariuki M.
University of Nairobi, School of Business, University of Nairobi, Kenya

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International Academic Journal of Human Resource and Business Administration

(IAJHRBA) | ISSN 2518-2374

Received: 16\textsuperscript{th} October 2020

Published: 23\textsuperscript{th} October 2020

Full Length Research

Available Online at: http://iajournals.org/articles/iajhrba_v3_i9_319_332.pdf

Citation: Jocelyne, S., Kariuki, M. (2020). Human capital, employee empowerment and organization performance. International Academic Journal of Human Resource and Business Administration, 3(9), 319-332
ABSTRACT

While organizations have traditionally stressed on the use of financial resources, the dynamic and competitive business industry is pushing firms to reexamine the way they manage human capital. Given the importance of human capital resources and employee empowerment to performance in an ever-changing global environment, it is timely to examine whether human capital resource complementarities such as employee empowerment contribute differently to organizational performance. The purpose of the study is to determine the relationship between human capital, employee empowerment and organization performance. The study was guided by three specific objectives: to analyze the link between human capital and performance; to assess the mediating effect of employee empowerment on the relationship between human capital and performance; and to analyze the joint effect of human capital, employee empowerment and organizational performance. The human capital theory, resource-based view theory and Kanter’s structural empowerment theory will anchor the study. A qualitative approach was employed. Data was collected qualitatively using secondary sources. The study reveal that human capital is directly associated with performance. The study revealed that employee empowerment has both a direct and mediating impact on the link between human capital and performance. Lastly, the study revealed that there exists a combined link between human capita, employee empowerment and organizational performance. This study will be crucial to policymakers since it will provide a framework from which effective and efficient human management practices are built. In addition, the study will be of importance to organizations since it will help them in improving their performances by effectively practicing human capital practices and employee empowerment strategies.

Key words: Human Capital, Employee Empowerment, Organizational Performance

INTRODUCTION

Recently, countries across the globe have witnessed dramatic shifts in terms of the critical economic activities that make up the gross domestic product (GDP). Today, these countries have moved beyond their critical dependence on resource based assets or low-value added assets and tasks, including manufactured goods. Rather, these countries’ economies are particularly focused on intangible assets and services (Petty & Guthrie, 2000). Moreover, with the emergence of knowledge driven economies, technological developments and evolving patterns of interpersonal activities, sources of knowledge such as human expertise (capital) are considered important factors that fuel economic growth. People’s talents, skills, personal attributes and creativity are now viewed as critical drivers of organizational success. How organizations utilize human capital is an essential strategy and the business model. Human capital is pivotal for business activities. According to Lambert (2014) value creation by organizations lies in factors including leadership quality, skills and talent depth, employee productivity and empowerment and learning culture. Human capital is
essential for all innovation forms whether in the process of enhancing, designing and manufacturing of new services and products or in improving or developing existing services and products (Deloitte, 2019). As such, human capital is a key organizational asset and how people in organizations perceive or act distinguishes it from others.

While people are central to an organization, the 21st century represents a new era where workers are looking for more from their work experience. In particular, employees are seeking work experiences that are optimized for meaning and personal fulfilment and those that foster a growth mindset (Deloitte, 2019). Consequently, offering a robust suite of empowering initiatives or programs focused on the physical, mental, financial and spiritual well-being of the employees can lead to a workplace where the employees are not only motivated, but also possess a sense of purpose (International Integrated Reporting Council, 2016). This is likely to pave way for a more satisfied workforce, which in turn raises employee productivity and ultimately enhances organizational performance. Therefore, unlocking the full potential of human capital for performance gains depends on how empowered the workforce is.

Extant literature shows a link between human capital, employee empowerment and performance. For example, a research by Commission of the Future of Management and Leadership (2015), which entailed interviewing more than 2000 management personnel on how human capital can affect the success of the organization. The research focused on training of employees on leadership and management. The research outcomes indicated that approximately 60% of organizations reporting declines performance did not offer training to their employees or offered poor training contrary to about 25% of organizations that recorded higher performance since they trained their employees. It was found that the growing organizations had a higher likelihood than those struggling in terms of providing good or better training of workers right after promotion. In another study, a research study by Center for Talent and Innovation (2015) revealed that firms with a diverse group of employees benefit significantly improving their performance. The study found that such firms have a greater share of the market and a competitive advantage in entering new markets. These research reveal that human capital is essential due to its direct link to organizational performance and that empowerment of employees plays an essential role in the relationship. Human capital is naturally a highly variable component at it is influenced by factors such as geography, culture, industry and type of organization. Additionally, the needs and priorities of organization related to human capital evolved over time with transformations in markets and technology. As it stands, there is little evidence on the interrelationships between human capital, employee empowerment and organization performance. This study seeks to fill this knowledge gap.

**Research Problem**

While organizations have traditionally stressed on the use of financial resources, the stiff competition in the business is pushing firms to reexamine the way they manage human capital. Lack of adequate human capital poses a significant challenge to firms in Kenya (Price Waterhouse Coopers, 2010). For instance, services by public organizations have been poor and this has been attributed to numerous factors including dismal performance and lack of commitment among employees (Munjuri et al., 2015). Moreover, with globalization,
organizations, have focused on improving their technologies rather than the skills and knowledge of the employees. The outcome has been slowed performance of the companies and economy in general. Considerable evidence supports the viewpoint that employee empowerment is one of the key determinants of an organization’s competitive advantage owing to its contribution in promoting organizational innovation (Seibert, Wang & Courtright, 2011). Given the importance of human capital resources and employee empowerment to a firm’s performance, and in the context of the ever-changing global environment, it is timely to examine whether human capital resource complementarities such as employee empowerment contribute differently to organizational performance.

Focusing on manufacturing companies in Ireland, Wood and Wall (2007) revealed that empowerment has significant and direct impact on the performance of the surveyed firms. The research also added that training also impacts on the performance of organizations. The study revealed that both human capital and employee empowerment affect firm performance. However, the study failed to fill the gap in accessing employee empowerment as the mediating factor in the correlation between human capital and performance of organizations. Dabo and Ndan (2018) in Kaduna, Nigeria showed that employee empowerment enhanced the organization performance of the companies. This study however, failed to show the mediating impact of the empowerment of employees between human capital and firm performance. In Kenya, Munjuri and K’Obonyo, (2015) observed that the empowerment of employees has no moderating impact of human capital on performance, rather has a mediating influence. In addition, Munjuri (2013) concluded that social capital and employee empowerment has no moderating impact on how human capital influences performance rather they both have a mediating effect. The two studies confirmed that employee empowerment mediates the link between human capital and organization performance. However, these studies were limited since they did not focus on the joint relationship of the three variables; human capital, employee empowerment and organizational performance. As it stands, little research has been done on these interrelationships at the collective level particularly in the Kenyan context. Therefore, there is need for research to theorize and empirically test how human capital resources, employee empowerment and performance interrelate. In this regard, this study aims to fill the gap by finding a solution to the question; what is the link between human capital, employee empowerment and organization performance of firms in Kenya?

**Objective of the Study**

The purpose of the study is to assess the relationship between human capital, employee empowerment and organization performance.

**THEORETICAL FRAMEWORK**

This section highlights three key theories that have been examined in the literature form the lens of human capital resources, employee empowerment and organization performance. These theories include human capital theory, resource-based theory and Kanter’s structural
empowerment theory. The theories set a foundation for both surface-level and deep-level understanding of the study concepts.

**Human Capital Theory**

The concept of human capital theory was first introduced in the 1960s by Mincer (1958) Schultz (1961) and was further developed by Becker (1964). Using foundational narrative of the theory, education facilitates marginal labor productivity to drive earnings. The foundation of the theory is the belief that the learning capabilities of people can be compared to other resources that are involved in goods and service production (Lucas, 1990). With effective use of resources, the outcomes are beneficial to individuals, firms and society (Schultz, 1961). Therefore, as was posited by Aliaga (2001) the theory aims to give training and education as an investment form of human resources and the core belief is that individuals are perceived as capital development types (Hendricks, 2002). From this point of view, schooling and education are perceived to be deliberate investments preparing the human capital and improve individual and firm productivity while facilitation firm development and growth from an international aspect.

A weakness of the theory is tied to its assumption that education is positively correlated to productivity at a workplace, which results in higher wages, but offers little insights into the process to which education and training are converted into higher wages. Additionally, the theory’s homogenous perception of education is problematic. People learn at different paces, and quality of the education in one context may not be effective in others (Brewer & McEwan, 2010).

From the postulation of this theory, the core result from investment of individuals is the change manifested at the personal level so as to enhance performance; at the firm level in terms of improving profitability and productivity; at the societal level in terms of returns benefiting the whole community and society. Hence, this theory is a useful theoretical lens through which to comprehend the benefits of human capital and its effect on the firm performance. More precisely, the theory will aid in assessing the link between human capital and firm performance.

**Resource-based View of the Firm Theory**

The RBV theory of an organization was introduced by the initial works of Penrose (1959). The RBV theory offers a solution to the question of why successful organizations are able to sustain economic rent over a period of time. In doing this, it ascertains a distinctive notion of an organization and an explanation for its existence. The focus lies on production. The resource pool makes up the conceptualization of a firm. Organizations required resources so as to develop and sell goods and services. In this theory, it is critical to comprehend what resource kinds are likely to generate rent. Essentially, resources that are difficult-to-substitute, scarce and valuable are important over ubiquitous resources. An organization holding such resources has the potential to develop business strategies that competition cannot match hence gaining a competitive advantage. Wernerfelt (1984) noted that it can result to resource hindrance against the rivals and can ensure the sustainability of competitive advantage.
Despite its contribution in understanding human capital, the RBV as been criticized for focusing too much on firm resources, rather than how firms can develop the resources to form organizational competencies (Priem & Butler, 2001). Makadok (2001) contends that the RBV of an organization is mainly focused on making the decisions about which resources (tangible or intangible) to utilize so as to produce rents. Another limitation as asserted by Alvarez and Barney (2007) is on the analysis of the unit. The academician posits that since RBV recognizes an organization as resource collection, that has access to interorganizational data can be a challenge. Such issues grow as capabilities and resources are determined as sources of a competitive advantage. Hence, despite the problems associated with resources in an organization, an effective analysis of the phenomena of interorganizational is important to complete firm investigation.

From the RBV perspective, the function of human capital is a critical source in any organization. Human capital resources help in the implementation of creating value through business strategies available to competition who do not have a substitute. For instance, in this category falls knowledge, particularly idiosyncratic, challenging and specialized knowledge to codify and aggregate and which can be exploited and appropriated in products and services production. Such knowledge is possessed by individuals working in organizations. These individuals may spend a number of years refining and honing their complex skills that competitors find it challenging to replicate. More precisely, the theory will aid in evaluation of the joint effect of human capital, employee empowerment and organizational performance.

**Kanter’s Structural Empowerment Theory**

Kanter (1977) was the first theorist to propose the notion of empowerment in the organizational literature (Seibert et al., 2011). The theory describes how workplace conditions influence employees’ ability to undertake job assignments (Kanter, 1993). For example, formal power may arise from jobs that are intentionally designed to be visible and central to the organization’s goals and allow flexibility, while informal power comes from job characteristics such as positive relationships with leaders and co-workers, which are not typically mandated by the organization. According to Kanter, structural empowerment is amenable to management practices targeted at increasing employees’ level of power to accomplish work goals.

One of the criticisms for the theory lies in its lack of flexibility. The primary focus of Kanter’s theory is on the employee’s perception of their immediate conditions in the work environment rather than their psychological interpretations of those conditions. As such, the application of the theory in different cultural contexts may be limited (Njoroge, 2018).

Empowerment appears to be an important driver of commitment, both directly and indirectly. Structural empowerment is a leadership strategy that can influence psychological empowerment and ultimately organizational commitment. By building high-quality relationships with employees and creating positive, empowering working conditions characterized by access to the resources, support, and information needed to accomplish one’s work (structural empowerment), leaders can foster psychological empowerment, which in the end appears to result in employees having a commitment to the organization and their job.
theory, thus, provides an important framework for understanding the mediating impact of employee empowerment on the link between human capital and the performance of a firm.

LITERATURE REVIEW

Human Capital and Organizational Performance

A study by Ali and Chaudhry (2017) examined how human capital affected performance using a case study of Pakistan’s service sector. The study was based on data collected from five major cities of Pakistan using purposive sampling. The study findings revealed that human capital positively and significantly influence various indicators of performance in organizations considered in the study including career and life satisfaction.

López-Cabrales, Real and Valle, (2011) analyzed how management practices of human resource is related to firm learning capability. The research sampled organization in in Spain, by employing the approach of Partial Least Square. The results opined that there is a direct relationship of the appraisal and selection techniques and human capital hand in hand with learning. Moreover, developmental techniques are linked with the value of human capital and the appraisal and selection techniques are associated with uniqueness. Hence, human capital mediates the link between HRM and Organizational Learning Capabilities (OLC).

Seleim, Ashour and Bontis (2007) assessed how human capital affects performance of Egyptian software companies. 38 software companies were the sample of the study which represented the Egyptian software industry made up of 107 members. The validity of the hypothesis was tested using a correlation analysis and stepwise regression. The research revealed that indicators of human capital had a positive association with the performance of an organization. These indicators include teamwork and training practices which result in improved productivity and in turn firm performance.

Tessema (2015) embarked on a study to assess the how human capital influences Ethiopian footwear companies. Human capital was proxied by education, experience, and skill innovation. The study utilized a sample of 143 companies in Addis Ababa. A regression model was conducted to analyze the collected data. The model findings indicated that human capital investments significantly influence the performance of companies.

In Kenya, Munjuri, O’bonyo and Ogutu (2015) examined how human capital is linked to performance of Kenyan commercial banks and insurance firms. Performance of the banks was proxied by return on equity. The study utilized a descriptive cross-sectional survey design where all the 43 licensed commercial banks in Kenya were included in the study. The results of the study indicated that the effect of human capital on the non-financial indicators of performance had a statistical significance.

These studies revealed the existence of direct connection between human capital and performance. In addition, the studies show little research has been undertaken on the impact of staff empowerment on firm performance. However, extant literature has paid attention to how employee empowerment directly impacts performance. This study seeks bridge this gap.

Human Capital, Employee Empowerment and Organizational Performance
Roca-Puig, Beltrán-Martín and Cipres (2011) assessed the joint impact of human capital, firm size, and temporary employment on organization performance. The study sampled 1,403 firms in Spain. The study was comparative in nature on how human capital affects the productivity of employees and sales return among large and small firms with low and high usage of temporary employment. The research established existence of a positive impact of human capital on sales returns was greater in large companies with a low level of temporary employment in comparison to small sized firms with temporary employment level that is high. Further, the positive influence was identified not to be universal since in some circumstances it is not statistically significant. From the study, temporary employment was perceived as an indicator of employee empowerment. Thus, from the findings, low temporary employment results in improved performance in comparison to high temporary employment.

Munjuri and K’Obonyo, (2015) conducted a study on how human capital influences insurance firms and commercial banks performance. The results of the research revealed that employee empowerment was a mediating variable and not a moderating variable in the study. Also, the research found that to a large extent, empowerment relies on skills and knowledge possessed by employees since this affected the decision made. The research suggested that firms need to pay attention to the growing employee empowerment level since their contributions can have significant influence on the productivity of a business, improve revenue and effectiveness of an organization.

Awan and Sarfaz (2013) investigated how human capital influences performance and how employee satisfaction mediates the relationship. The study was set in Pakistani where a sample of 200 firmos involved in the telecommunication industry was selected. Using regression analysis, the scholars established that investments in human capital had a strong correlation with the performance of the companies and that the workers’ job satisfaction mediated the relationship.

Munjuri (2013) conducted a study on how human and social capital, employee empowerment and performance of insurance and commercial banks in Kenya. A census survey was employed where, 43 commercial banks and 45 insurance companies were sampled. Descriptive analysis was employed for the research to describe the phenomenon under study. The research findings showed that employee empowerment and social capital did not have a moderating effect on human capital and performance, but rather, had a mediating influence.

A study by Dabo and Ndan (2018) examined the influence of staff empowerment on the performance of listed firms in Nigeria. A descriptive survey that involved the collection of data from sample of 225 staff were selected from three companies. The findings showed that employee empowerment enhanced the organization performance of the companies. This study however, failed to show the mediating effect of employee empowerment on the link between human capital and organization performance. Employee empowerment from the study was identified to directly influence organizational performance.

A study by Jarrar and Zairi (2002) in the UK analyzed employee empowerment. 300 questionnaires were distributed to these companies. The study found that the primary asset of any organization is its employees. The research outcomes revealed that employee empowerment is essential in facilitating employee performance, thus improving organizational performance. Moreover, the study reveals that for employee empowerment to effectively impact organizational performance, the skills of employees are critical in directing the
decisions made on type of training implemented. The study however did not show how employee empowerment mediates human capital and performance but rather showed that employee empowerment plays a direct and integral role in improving organizational performance.

The studies discussed above showed mixed results on the mediating role of employee empowerment. From the reviewed literature, it is evident that the empowerment of employees facilitates commitment and motivation in firms encouraging employees to be more active thus improving performance. However, these studies failed to show the joint effect of human capital, employee empowerment and organizational performance a gap which the current study intends to fill.

Joint Effect of Human Capital, Employee Empowerment and Organizational Performance

Wood and Wall (2007) found that that the key factor of improving performance was employee empowerment in manufacturing firms in Ireland. The research indicated that empowerment was a key practice that significantly influenced the performance of the surveyed firms. In addition, the research indicated that the manufacturing firms that has adopted empowerment recorded a 7% higher performance in comparison to those that did not practice empowerment. The research concluded that emphasizing on knowledge and skills, extrinsic motivation and labor flexibility is made by the surveyed companies in the aim of improving organizational performance. The study shows that there exists a combined relationship between human capital, empowerment and performance.

The structural empowerment theory by Kanter (1977) is a preferred framework in studying the ideologies of negative behaviours in the workplace including turnover. According to the theory, the work environment is essential in the link between employee behaviour and attitude in firms and access to power. According to Kanter (1977) individuals have varying behaviours which they display with regards to whether some structural support that is opportunity and power are effective. The initial element of opportunity is mobility, growth and an opportunity to enhance skills and knowledge. This is followed by the power structure which is described as the ability to mobilize and have access to information, resources and support from an individual’s position in a firm to effectively undertake tasks. Having resource access is described as an ability to acquire the required supplies, personnel and financing required to meet the objectives of a firm. Information is associated to technical knowledge, data and the required expertise to undertake tasks. Kanter’s theory offers a structure that is important in the implementation of empowerment dimensions geared towards improving performance. Deducing from Kanter’s theory, human capital in the form of skills is crucial in ensuring employee empowerment resulting in increased organizational performance.

Kariuki and Murimi (2015) analyzed how employee empowerment affected performance of Tata Chemicals Magadi Ltd in Kenya. The research assessed the association between empowerment dimensions and performance. The research used age, tenure, and age as the control variables. The findings indicated that only gender significantly contributed to performance and all of the other models positively impacted performance. From the multiple
regression performed, the study analysis indicated that sharing of information and training moderately contributed to the empowerment of employees. Decision making and autonomy were found to lack any statistical significant contribution to performance in organization. In addition, the research adopted the human capital theory to reveal that employee training and performance were related as was posited by Becker (1993). The research revealed that development and training of employees may be perceived as a commitment by an organization leading to psychological engagement with the firm and enhancing a willingness to be more active and effective. As such, Kariuki and Murimi (2015) posit that a combined association between human capital attained through training, a component of employee empowerment which ultimately impacts on organizational performance.

From the extant literature reviewed, it is clear that existing research has proved that human capital, empowerment of employees and performance are related. However, a paucity of research exists analyzing how employee empowerment mediated human capital and performance relationship. The current study highlight that employee empowerment is a mediating variable in the associating of human capital and firm performance.

Identified Knowledge Gaps

A study by Becker (1964) posited that human capital is only a strategic asset if it possesses unique and valuable knowledge. Thus, organizations ought to choose and sustain employees as they generate what to assess with regards to human capital knowledge. From empirical evidence, it has been established that an organization’s human capital is a strategic asset when it is able to gain a competitive advantage and more profits as was established by Subramaniam and Youndt, (2005). According to Hitt et al. (2001), employees who possess unique and valuable knowledge does more to facilitate the process of firm learning. A unique and valuable human capital can assess new approaches to transform them into new routines in the organization. Moreover, human capital is able to generate internal conditions that facilitate learning as it is critical that value is created through knowledge, hence ought to be embraced in a firm in order to develop distinctive competencies (López-Cabrales, Real & Valle, 2011). According to Jarrar and Zairi (2002) the empowerment of employees is critical in the current competitive environment where knowledge employees are prevalent and firms are approaching towards organic and decentralized organizational structures. Each firm has a knowledge pool from previous experiences, the know-how of individuals and work processes. A firm that aims to develop a structure of empowerment needs to formulate an architecture facilitating its knowledge that concerns the competences and skills of its human capital. A firm need to learn what it needs to empower. Employees need to know the competence and skill required to undertake activities in an organization as posited by Lambert (2014).

Companies that engage the employees in decision making with regards to the direction of the firm save money and employees take an active stand in the firm. People need to have an active role in contributing to the performance of any firm and be witness to tangible outcomes of their work. The effectiveness of any organization relies on the empowerment of employees as their conduct their daily activities in the aim of shaping the culture of the firm. According to Munjuri and K’Obonyo (2015) the involvement programs of employees delegate management to staff
in all departments by allowing them to actively participate in strategic activities. Employees are hence motivated to develop good initiatives, ideas and transform plans into actions. Organization success relies on how employees are empowered as they take an active role in culture development. Delegation by management expands the process of decision making encouraging input from the people facing the challenges, fostering an environment that is collaborative in nature. The involvement of all stakeholders by leaders in propelling an organization builds commitment and synergies in all departments. Cameron (2010) noted that by fostering an involvement culture, organizations are able to engage staff in all aspects of operations with the aim of attaining high productivity, quality service and enhanced performance.

Different researchers have conducted studies to show how human capital affects performance of firms. Researchers Ali and Chaudhry (2017); Seleim, Ashour, and Bontis (2007); Tessema (2015) and Munjuri, O’bonyo and Ogutu (2015) found that human capital positively and significantly influenced performance. These studies revealed that limited research has focused on how employee empowerment affects performance. Studies by Munjuri and K’Obonyo, (2015); Roca-Puig, Beltrán-Martín and Cipres (2011); Awan and Sarfraz (2013); and Munjuri (2013) assessed employee empowerment mediated the association of human capital and performance. These studies explained that employee empowerment significantly mediated the link between human capital and performance of an organization. The study however failed to adequately show the joint association between human capital, employee empowerment and performance.

Researchers, Wood and Wall (2007); Kanter (1977) and Kariuku and Murimi (2015) revealed the existence of a joint link between human capital, employee empowerment and performance of organizations. These researchers confirmed that the three variables have a joint correlation. However, these studies failed to show how employee empowerment mediated the link between human capital and performance.

**Conceptual Framework**

The conceptual framework was formulated on the grounds of the three anchoring theories. The human capital theory, posits that education drives the marginal productivity of labor and marginal productivity drive earnings (Becker, 1964). The RBV theory holds that the characteristics and allocation of the firm resources determine the level of performance by a firm (Wernerfeldt, 1984). The Kanter’s structural empowerment theory describes how workplace conditions influence employees’ ability to accomplish their work in meaningful ways (Kanter, 1993). The conceptual framework integrates the human capital, employee empowerment and organizational performance into a single model as shown in Figure 3.1.
**Conceptual Hypothesis**

H1: There is a significant relationship between human capital and organizational performance.
H2: The relationship between human capital and organizational performance is mediated by employee empowerment.
H3: There is joint effect between human capital, employee empowerment and organization performance.

**CONCLUSION**

The first objective to assess how human capital is related to performance of organizations was achieved. The research outcomes indicated that human capital recorded statistical significant association to performance. The research established the existence of a direct relationship between appraisal and selection approaches and both human capital dimensions with learning. Thus, partially, human capital was identified as a mediating variable for HRM practices and OLC. In addition, the indicators of human capital including teamwork practices and training led to increased productivity which was ultimately translated to performance. The study also found that human capital significantly affected to non-financial performance.

The second objective, to assess how employee empowerment mediates human capital and performance was achieved. Mixed findings were recorded in reference to this objective. It was revealed that temporary employment, an employee empowerment indicator influenced the link between human capital and performance. In addition, the research established that the empowerment of employees to a great extent relied on the staff skills and knowledge. The research indicated that investment in human capital had a strong correlation with the performance of the companies and that the workers’ job satisfaction mediated the relationship. However, the study also revealed that employee empowerment does not have a mediating
impact on human capital and performance but rather has a direct impact on organization performance. 
Thirdly, the study aimed to assess the combined influence of human capital, empowerment of employees and performance. From the outcomes, higher performance was recorded by organizations that empowered their employees contrast to those that failed to practice empowerment. Additionally, following Kanter’s theory, the study established employee skills are important in ensuring employee empowerment resulting in increased organizational performance. Further, the study revealed that development and training of employees may be perceived as an organization’s commitment encouraging employee willingness to be more effective and active in attaining firm goals. From the findings of the study a human capital investment improved the productivity of employees, thus improving performance. The human capital of any firm is established when it’s the competencies, knowledge and skills of employees is developed. People are equipped better to undertake their activities when empowered, thus creating firm value. According to the RBV theory, the performance of any business is built on the ability of the management to utilize available resources including human capital. A workforce that is empowered possess the competencies, knowledge and skills to produce better performance.

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