Workplace Skills Plan, Human Capital Development and Organizational Performance at eThekwini Municipality

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Abstract: Human capital development in the eThekwini municipality raises the knowledge, skills and behavioural competencies of employees to the level required to achieve and exceed the organisational requirements contained in the integrated development plan of the municipality. As stated in the integrated development plan, the municipality aims to train its staffs and improve their skills so that the services they provide are sustainable, efficient, and effective. Hence, the overall aim of this study is to establish the influence of workplace skills plan on human capital development amongst the employees of eThekwini municipal councils in South Africa. The study used a quantitative research method through a structured self-administered questionnaire as the proper instrument for data collection. With non-probability and convenience sampling technique the researchers selected respondents who completed, signed and returned 2018-2019 workplace skills plan forms during consultation and meeting with their managers. In this study, 279 respondents completed and returned the questionnaire. The study used a data analysis instrument called Statistical Package for the Social Science (SPSS version 20) and AMOS version 20. Results from data analysis showed that workplace skills plan is useful in boosting the overall human capital development in the workplace and therefore can be used as a tool for human capital development. Workplace skills plans assist companies to adjust to labour market flexibility and train for what the market requires and to maximise the returns from the large investment in skills and tertiary qualifications. The findings of this study indicated that training and development have a direct and indirect positive influence on human capital development. The recommended that local municipalities should maximise investments in development of human capital initiatives to sustain effective organisational performance, improve employee performance, productivity, employee competencies, efficiency, effectiveness, and long-term organisational prosperity.

Keywords: Training Needs Analysis, Confirmatory Factor Analysis, Structural Equation Modelling, Reliability Analysis, Validity Analysis, Return on Investments, Employee Productivity, South Africa.


1.0 Background of the Study
Madonda (2021) argued that human capital development (HCD) in the eThekwini Municipality emphasized on the knowledge, skills and behaviour of employee capabilities to the standard needed to attain and or rather surpass firm level requirements as contained in the integrated development plan of the eThekwini municipality (IDP 2012). In the
integrated development plan, the municipality aims to train its employees and up their skills so that the services they provide are sustainable, efficient, and effective. For this reason, the municipality’s yearly workplace skills plan (WSP) was developed by critically evaluating the skills required to achieve IDP goals. A WSP is an annual document for learning and development needs created through consultation between the manager or an official with a position of authority and the employee he or she supervises. After consultation it is compiled into a document where management consult with labour to have WSP signed and submitted to sector for education and training authority (Adhikari, 2010; Zondi, 2012). However, should this plan not be developed and implemented there is a danger that employees might be less competent in using sophisticated tool at the workplace. Through WSP training, employees are expected to gain confidence and increase their competency level. Be that as it may, meeting ratepayer’s expectations in terms of service delivery is one of the challenges that eThekwini Municipality must deal with (IDP 2016).

Manyathi (2021) posited that, globally, there is generally an expression of dissatisfaction from organisations regarding a shortage of skilled professionals. A simple example is Australia, which is faced with skills shortage in three broad occupational areas namely; professional occupations, skilled trades, and service occupations. This is not unique to Australia alone; it is also happening in South Africa. However, to fill this gap, the government of South Africa introduced the sector education and training authority (SETAs) in 2000 (Adhikari, 2010; Turner et al., 2013). The purpose of the SETA is aimed at addressing skills shortages, fight against poverty and assist in fulfilling equity employment targets. The acquisition of skills is determined by the institutions in which these individuals graduated, also the qualifications that they acquired, and their abilities to transfer their knowledge to recipient countries. Rasool & Botha (2011) stated that skills shortages in South Africa are the consequences of the interplay of several socio-political and economic factors since the advent of democracy in 1994. One of them is that the new government inherited a divided education and training system that comprised 15 education departments the apartheid government had established along racial and regional lines (Brins , 2014; Aileman et al., 2015). In order to correctly define the skills required by the economy, the employer must consult all employees or representatives, regardless of their level or position in the company, and jointly determine these skills (Services SETA 2016). Consequently, the need to develop staff is convincing, since a solid training and development plan contributes to increased productivity (Niazi, 2011; Peterson et al., 2014; Ribound, 2016).

Madonda (2021) opined that the performance of eThekwini Municipality and reaching of IDP objectives is critical in the eyes of ratepayers since their expectation is on service delivery. In the study of Sani (2012), the findings highlighted that strategic human resource management can be used by organisations to acquire and develop organisation’s valuable capital, which will contribute to organisational performance. The author mentioned that the IDP is a strategic document for the city to outline performance target in the next five years. Manyathi (2021) argued that strategic human resource management means managerial orientation that ensures that human resources are employed in a manner suitable to the achievement of organisational goals. Gavrea et al. (2011) mentioned that continuous performance is the focus of any organisation because this is the only avenue through which organisational performance can be realized. Manyathi et al. (2021) viewed organisational performance as the measurement of a set of financial and non-financial indicators that provide data on the level of achieving an organisation’s objectives. However, the preceding is not a static definition of performance since it is a dynamic variable in the sense that its actual meaning and interpretation is subjective to the person who is carrying out the performance assessment. The purpose and the motive of doing this study are firstly, to investigate the relationship amongst workplace skills plan, human capital development among the employees of the eThekwini Municipality and its performance. Secondly, to help improve the usefulness of the implementation of a workplace skills plan in the organisation. Third and lastly, a WSP that is well developed will be responsive to the training needs of employees.

2.0 Review of Extant Literature

2.1 Workforce Plans

Deans et al. (2014) argued that workforce plans is structured to maximise return on major investments in skills and higher education. The authors mentioned further that it is not adequate to emphasize solely on imparting skills and abilities. The authors reported that there is need to also stress on the employer's needs and pay attention to the best implementation of employee skills. They found that just about 20% of Australian workers aged 15-64 were formally trained leading to a recognised qualification in 2011. The workforce development plan is structured to offer employees with the instruments required to answer to alterations in the labour market, and not to predict these changes in detail. Shreve et al. (2012) reported that Australian government officially began training employees in vocational education and training in the 1890s, with the establishment of institutions such as Sydney technical college. These vocational centres were meant to capacitate employees with skills and qualifications that will enable them to competently execute their duties. In these colleges are found only young people who attended classes mainly trained on trade skills such as
.boot making, wool classing and carpentry. Although, female students were underrepresented, there are few of them who are engaged in trades skills such as fashion design, dress making and handicrafts (Poell, 2015; Shreve et al., 2012; Ajagbe, 2014).

2.2 Workplace Skills Plan
Joseph (2015) reported that in order to provide a framework for the implementation of the workplace skills plan that is in line with the skills development authority act (Act No. 97 of 1998), the objectives of the agency was to create an understanding of how the WSP should function. Researchers stressed that the WSP is a mechanism that is developed annually by the skills development facilitator (SDF) within the organization to collect training needs analysis as well as developmental need of employees in the workplace (Long et al., 2014; Al-Sawai & Al-Shishtawy, 2015). Workplace skills plan is a document that contains data about skills that employees have, and it also identifies skills that employees are lacking. It is the responsibility of the SDF to develop and implement this document in consultation with labour and management of the organisation. Paterson et al. (2014) stated that the intention of developing WSP is not only to claim levy-grant from SETA, however it is to record training transactions and learning outcomes, to be submitted to SETA. Thus, proper record enables the required department to plan actual expenditure on skills development, without proper recording of type of training delivered, how, when, where and why training is offered, it is difficult to monitor or evaluate skills development. Zondi et al. (2021) stressed on the importance of developing policy framework for workforce improvement in any organisation. The authors warned that the danger of not doing this is that the enabling workforce decision, such as training and development, may not be made in time for suitable implementation of the policy.

2.3 Training and Development
Karim et al. (2012) argued that training is the process of developing performance to inculcate learning new techniques and procedures to perform the job with maximum efficiency and effectiveness. They suggested that successful learning and development programs help employees achieve the organization’s strategic goals and meet the individual needs of the workers who work there. Training is a process of increasing employee confidence in the workplace in terms of better performance (Brandl, 2011). Training contributes to the development of human resources to achieve the general objectives of the organisation. Salas et al. (2012) stated that a well-designed training should be impactful. This has seen continuous learning becoming a new way of life in modern organisations. To maintain competitiveness, organisations must ensure that their workforce learn and develop continuously. Effective management of the acquisition and training of human capital is a positive contributing factor to organisational success. Investments in workforce development through training are often seen as a primary mechanism for national economic development. Salas et al. (2012) stressed that one of the theoretical advancements around training concerns transfer of learning. Sultana et al. (2014) mentioned that providing employees with learning and development opportunities is important in equipping them with skills and competencies to achieve an organisation’s mission. Hence, it is the responsibility of the organisation to create a well-prepared employee to accumulate skills for career advancement. According to Dean et al. (2014), laboratory workforce development (LWD) initiative is tailored to the unique training and development needs of NCHHSTP laboratory scientists. However, NCHHSTP laboratory scientists stay abreast of new technological innovations and latest publication when attending lectures and conferences.

Mpofo & Hlatywayo (2015) mentioned that employees from different departments have a different level of exposure to the access of training and development interventions. Some employees have greater knowledge of training and development interventions than others. The results in the investigation of employee perceptions in their access to employee training and development information in the municipality showed that employees from the construction department seem to have greater access to employee training and development information than employees from water and scientific department (Mpofo & Hlatywayo, 2015; Ajagbe et al., 2016). However, for Woods et al. (2015), the survey conducted in the councils in Australia with about 900 participants is local government employees and councillors. The survey investigated the participants’ involvement in education and professional development while working in local government. Including their current level of education, the modes of learning adopted, and the quality of learning experience. In that survey, the reference to education and professional development was related to seminars, workshops, conferences, formal work-related mentoring or coaching, and distance and online learning that they had attended. Honore (2014) posited that healthcare reports continue to document deficits in the skills and competencies of the health workforce. This created a sense of urgency to strengthen education and training structures that deal with workforce development in this sector. The criteria that were used to develop public health workforce education were the impact that such improvements would have on the health system, the skills that would be acquired to close the gap where they exist; and health outcomes that could accumulate through improvements in workforce quality (Geber & Landay, 2010; Ahmad et al., 2014).
Khan et al. (2011) opined that thorough training and development programmes enhance the professional skills of employees. Training and development create a sense of inclusion in employees where they feel they are part of the organisation. This improves their performance and organisational productivity increases. Hayat (2014) stated that technology has transformed the world of recruiting, training and even work styles. It is therefore important to ensure that employees are also technologically trained to perform their tasks competently to meet organisational goals. Strauss & du Toit (2010) suggested that development of skills is essential in competitive intelligence. Regular audits are conducted to determine the level of competitive intelligence skills in the organisation. Training is provided according to the needs identified. Skills that could be offered would include verbal and non-verbal communication skills, networking skills and ethics. Joseph (2015) mentioned that effective training of personnel means an improvement in their knowledge, skills, change of behaviour and techniques of problem-solving. Training of new employees sets a tone for the worker’s impression of an organisation’s culture. The need for human capital development cannot be overemphasised, as it set a record for investment in human capital. Ahmad et al. (2014) argued that employees are motivated through training, which contributes positively towards productivity, commitment to work and growth. Training includes seminars, workshops, as well as short courses offered by the organisation. Rasool & Botha (2011) asserted that training is essential, but it is an inadequate response to alleviating skills shortages. An increase in public provision of training may only be appropriate if there is evidence of a decline in the ratios of persons being trained to total employment.

### 2.4 Human Capital Development

The idea of human capital is not a new one, it was proposed by Schultz (1961) and later expanded extensively by other researchers based on researches of return-on-investment and other areas of human capital development (Madonda et al., 2021; Madonda, 2021; Ajagbe et al., 2021). In a similar dimension, Schultz (1961) considered the knowledge and skills that people acquire through education and training as a form of capital and this capital is a product of deliberate investment that yield returns. Others have defined human capital as the investment made in one’s education and training, or simply the skills, knowledge and competences that a person brings to an organisation (Yang et al., 2012; Sharabati & Nour, 2013; Ajagbe et al., 2021). This makes human capital the core of intellectual capital that drive business performance. Du Plessis (2016) opined that maximisation of human capital can be regarded as a critical requirement for sustained organisational performance that is necessary for its long-term success. Consequently, municipalities have to invest in their existing human capital through taking care of their development needs to ensure sustained organisational performance. Several studies, both in South Africa and abroad, have been carried out to examine the relevance or importance of workplace skills plan on the achievement of human capital development (Sharabati & Nour, 2013; Ahmad et al., 2014; Du Plessis, 2016). There seems to be a consensus from most of these studies that the development of workplace skills plan engenders human capital development. Empirical results indicate that there is, indeed, a long run relationship among labour force, development of workplace skills plan, enrolment in educational institutions and human resource development (Anyadike, 2014; Aluko et al., 2021). Thus, the policy implication of the findings is that government should place a high priority on workplace skills plan.

Poell (2015) posited when the industrial revolution reached the Netherlands around 1875 and the demand for skilled labour increased, there were various kinds of initiatives aimed at re-establishing on-the-job training opportunities for a well skilled labour force. Omotayo (2015) mentioned that the belief in human capital as a necessity for growth started in Nigeria during the implementation of the 1955-1960 development plan. The author argued that with the importance of knowledge in the economy, human capital has increasingly attracted both academic and public interest. The researcher further stressed that human capital is widely acknowledged as an agent of national development across various fields. Providing education to employees is one of the major ways of improving quality of professionals as no nation will survive without a seasoned workforce. However, human capital development is very important as it is the ultimate contributor that propels productivity (Monday, 2015). According to Tessema & Ng’oma (2009), developing countries have a severe shortage of highly skilled public servants due to brain drain. Eritrea got its independence in 1993, after a 3 decades war with Ethiopia and about a quarter of Eritreans lived abroad in exile. Many of these were highly skilled individuals. To cope with challenges of sovereignty, the government was left with a very low human capital base. To address this challenge a lot of training and development interventions were introduced. Amongst them was the creation of the Eritrean institute of management in 1995, encouragement of overseas scholarship, the launching of the Eritrean human resource development project (1998-2005). According to Tessema & Ng’oma (2009) “although Eritrea was effective in human resource development during the first 10 years of independence (1993-2002), the success of its human resource development progress has been undermined by brain drain. The main problem confronting contemporary Eritrea is, thus, how to retain and inspire trained public employees, as witnessed in the country’s human resource development project.

Stevens (2010) asserted that human capital recognised by organisations as the strategic value of the human assets, is the collective value of the workforce. Human capital is not the worker in a company; it is what the employee brings and
contributes to the prosperity of the organisation. Therefore, investing in human capital does not only help employees with skills but it assists the organisation to achieve greater prosperity. Zondi et al. (2021) reported that human capital could be seen as training, development, education and other professional programmes provided to improve the degree of knowledge, skills, abilities, values and social assets of the employees with the aim to enhance satisfaction and eventually resulting to organizational performance. Omotayo (2015) opined that human capital development has been described as an end or objective development. It is a way to fulfil the potentials of employees by expanding their capabilities, and this necessarily implies empowerment of people, enabling them to participate actively in their own development. Diop et al. (2013) reported that human capital development enhances the skills, knowledge, productivity, creativity, and inventiveness of people through education and training. However, in other to sustain competitiveness in the organisation; human capital becomes an instrument used to increase productivity. Ailemen et al. (2015) asserted that human capital is the knowledge and know-how that can be converted into value. Human capital consists of know-how, education, vocational qualifications, training programmes, union activity, compensation plan and shares option scheme. Ailemen et al. (2015) concluded that human capital is the productive effort of an organisation’s workforce, while performance is the contribution of employees who help implement a company strategy. Formal human capital can be determined through access to education, years of study, and / or other indicators, such as employment (Wright & McMahan, 2011; Dabor et al., 2015).

2.5 Approaches to Human Capital Development

Stober-Walker (2015) stated that in human resource development the research and practice of enhancing learning and working together is relevant to many sectors including among others; health care, education sector and non-profit organisations. Lufunyo (2015) mentioned that human resource development enhances the skills and capacities of human capital of local government authorities who carry out targets of development plans, ii) further human resource management towards productive contributions to vision achievement and efficient service delivery, and iii) do recruitment, promotion, personnel relations, rewards and incentives as well as succession planning. Cascio (2014) opined that while some organisations may provide HRD opportunities to full-time employees, very few organisations provide such opportunities to temporary employees. Employees who are offered an opportunity for human resource development are those with a long-term relationship with the employer, where skills are regarded as valuable to achieve an organisation’s strategic objectives. Cascio (2014) found that Anglo Americans believe that training young people will result in a dedicated workforce.

Riboud (2016) reported that the vision in human resource development for Central Asian countries is that by 2050, a strong human capital base will be in place, with knowledge and skills close to those of developed countries and the flexibility to adjust to the needs of rapidly changing economies. Therefore, investment in human capital will pave the way towards realization of that vision. Chakunda & Chakaipa (2015) stated that capacity building is about human resource development, institutional development and the overall policy environment within which the local government operates. Capacity building also refers to a situation where supplied labour is efficient in achieving set demands. Capacity building deals with activities which strengthen the knowledge, skills, and behaviour of employees to improve employee performance and achievement of organisational goals. Development can be looked at as a process that aims at improving people’s standard and the way of living (Nadeem, 2010). On the other hand, Kim (2012) looked at human resource development as a traditional approach that focuses on the organisation as the primary context, highlighting the organisation’s roles in and impact on society. However, for the organization to achieve a holistic human capital development, they may opt to put into practice any or a combination of the earlier mentioned approaches to attaining that objectives.

2.6 Organizational Performance

For organisational performance to be achieved, Chansam (2010) stated that labour productivity plays a very significant role towards that purpose. The researcher mentioned three factors that are considered as major determinants of labour productivity growth. The first determinant is education; this factor is measured by mean years of schooling of employees. The second determinant is health; this factor is measured by life expectancy at birth; while the third determinant is technological progress; this is measured by the growth rate of total factor productivity and competencies possessed by employees. Zondi et al. (2021) argued that workshops on different learning and development initiatives could be better attended to increase level of education if they are programmed during late afternoons when teachers are able to attend during school hours. Another option is to deliver them immediately when the workday ends by offering the courses via video streaming, utilising online collaboration tools such as Adobe Connect. This allows teachers to eliminate travel time and still receive training within the confines of their contract schedule, thereby not infringing upon their personal time and organisational performance. Kipene et al. (2013) mentioned that labour productivity is influenced by education level, experience, skills training, age, gender and technology. The results of the research done in 107 agro-processing firms from both Morogoro and Mbeya regions in Tanzania showed that labour productivity is
positively affected by various human capital factors, especially manager's education above form four, experience of workers and managers and trained managers.

Onyango & Wanyoike (2014) argued that it is one of the goals of human resource management in the health sector to strengthen the motivation of health workers to perform according to the organization’s expectations and set standards. Highly motivated staff will not only perform better but also provide a higher quality of health services. Motivated employees are likely to stay longer on their jobs; they will hardly leave their country in search of greener pastures. Walker et al. (2010) stated that innovations in management are implemented by public organisations to improve the services brought to users and citizens, with the wider aim of refining quality of life and building better and stronger societies. Management innovations can play a central role in the process of changing organisations, facilitating organisational adaptation to the external environment and increasing the efficiency and effectiveness of internal processes. In a similar manner, encouraging innovative ideas could result in an outcome and a service that is offered to the public by organisations that perform well. Tatitch et al. (2010) mentioned that organisations have understood that for competing in a changing environment, it is necessary to monitor and understand an organisation’s performance. Therefore, measurement of performance has been recognised as an important element to improve business performance. Mafini & Pooe (2013) stated that there is a correlation between employee motivation, job involvement and job performance. Employees who are satisfied with their work display good behaviour and contribute towards the organisation’s profitability. Satisfied employees will create satisfied and loyal customers, which result in an improved organisation’s performance. Ahmed et al. (2014) found that training and development plays a very important role in increasing employee performance, which in turn enhances an organisation’s performance. Hence, properly trained employees are the ones who can only produce quality work.

Tariq et al. (2013) mentioned that high employee turnover in an organisation is one of the main issues that negatively affect the overall performance of an organisation. Long et al. (2014) suggested that if proper steps are taken towards worker’s workload, work stress and wages, the turnover ratio decreases, and the organisation improves. Du Plessis (2016) stressed that sustained organizational performance is a result of engaging personnel that are knowledgeable, experienced, skilled, and in possession of the required expertise in their areas of vocation. Nda & Fard (2013) said that employee development refers to activities that lead to the acquisition of new knowledge or skills for growth purposes. Organizations provide employees with development initiatives to improve their skills. Training is invaluable to increasing productivity in organizations. This not only improves the employee's resourcefulness, but also allows them to do their job properly. Nda & Fard (2013) noted that the various resources indicate the positive impact of training on employee productivity. The workforce is effective only if appropriate training and development is provided, which will lead to productivity and increase organizational performance. Ng’ang’a (2013) asserted that offering formal and informal training programmes, for example, on-the-job training, management development etc., may enhance employee performance. Thus, properly packaged training programs will reflect on increased productivity and reduction of on the job fatalities.

2.7 Human Capital Development and Organizational Performance

Manyathi et al. (2021) stated that human capital development emphasizes on individual and organisation as their two main components. However, in order to attain human capital outcomes, four key components of human capital development have been identified. They are; flexibility and adaptability, enhancement of individual competencies, the development of organisation competencies, and individual employability. The more human capital interventions offered to employees based on the four indicators, the greater are the chances of higher profitability. Cappelletti & Baker (2010) asserted that there is a positive relationship between an entrepreneur’s formal education, improvement in production, production upgrading efforts, enterprise performance, profitability, competitiveness and growth in terms of the number of employees. Mottaleb & Sonabe (2013) added that a substantial improvement in organizational performance was observed after the development of human capital through socio economic approach to management. This improvement in performance was said to correlate with a period during which the organization made significant human resource changes. Niazi (2011) pointed out a relationship between training and development plans, strategies and organisational performance, and job satisfaction and measured performance. Dabor et al. (2015) stated that in spite of the large number of research on the relationship between training and employee performance, there appears to be a gap concerning the study of the effect of training on employee performance. Joseph (2015) argued that there is a need for training and development of employees in any organization including local government councils to ensure better performance and achievement of organisational goals. Ajila et al. (2012) stated that a resource-based approach is one of the latest approaches to strategic human resource management, which perceived the value of human capital as highly essential to organizational performance.

Aggrey et al. (2010) asserted that there are two approaches which are commonly used in analyzing the relationship between human capital and labour productivity. The first approach is the conventional approach which states that
earns are used as a proxy for profitability and then earnings functions are used to estimate the effect of education on productivity. Aggrey et al. (2010) developed and applied the second approach that addressed the relationship between human capital variables and labour productivity using production analysis. The use of production analysis has advantages compared to the earnings function framework. The productivity is higher in firms that have a higher average employee education level. Madonda (2021) asserted that the development of human capital is positively influenced by the educational level of personnel and their general gratification. Therefore, development of human capital has a direct impact on return on investment of organizations. Moreover, it was admitted that human capital development and improvement in an organization tend to create a significant contribution on organizational competencies and its performance. Crook et al. (2011) posited that human capital relates strongly to organizational performance. Nda & Fard (2013) reported that organizations that survive in competitive environment put strong emphasis on human capital to be competitive and financially solvent. The authors concluded that the success of an organization is however dependent on its knowledgeable, skilled as well as experienced workforce. Hence, in order to maintain stability, organizations must continue to train and develop their employees.

3.0 Conceptual Research Framework

Human resource development has been suggested to contribute towards increased productivity and increased employees’ ability to perform expectedly in the organization (Ogbari et al., 2015; Asamoah, 2016). Therefore, human resource planning has been reported as essential to achievement of human resource development strategy and contributes towards organization’s performance management. Okoye & Ezejiofor (2013) postulated that most organizations do not plan to train their members. After hiring an employee, the organization does not manage or train the employee to acquire the latest skills available to them. Recently, a lack of effective and efficient human resource development has been observed to reduce the performance of many organizations. For an organization to retain its manpower, and remain competitive, development plans should be established and implemented to grow human capital in areas of boosting organization’s productivity as well as its profitability. Emmanuel et al. (2015) opined that achieving high level of performance is a result of a well-structured human capital management process, which is an integrated effort to manage and develop human capabilities. Organizational performance therefore relates to how successful an organized group of people perform their function and achieve their outcomes with a combination of human capital development recruited by the organization. However, in order to ensure that workers are equipped with the relevant skills, knowledge and abilities to execute their duties, training and development has been found to plays a crucial role towards the growth of business organizations (Niazi, 2011; Solomon et al., 2012).

Previous research by Niazi (2011) showed the importance of employee development in the context of improved productivity and quality of output. The same study showed that training and development plans, strategies, organizational performance, job satisfaction and measured performance are positively correlated. Adhikari (2010) mentioned that in Nepal the term human resource development is used synonymously with employee training and development. The author further argued that human resource development is an important development program that ensures that the organization has an established way of developing, utilising and committing human resources to meet current and future challenges in achieving organizational performance. Human resource development contributes to the strengthening of a firm’s human capital base. This could be done by raising the level of know-how, skills, and capabilities of individuals in an organization and thus contributes to improved performance and competitive advantage (Adhikari, 2010). In order to gain a competitive edge over competitors it is pertinent to develop strong human capital base through an organization’s human resources development apparatus. Consequently, it is important that organizations develop a well-constructed training plan in the form of workplace skills plan that assist in improving human capital development for the organization to achieve high performance. In this study, the intention of the researchers is to connect the linkages between the three variables of workplace skills plan, human capital development and organizational performance. Figure 1 showed the conceptual framework of the study, while figure 2 showed the model for the proposed hypothesis of the study.
**Figure 1**: Conceptual Framework

- **Independent Variables**
  - Training and Development
  - Training Need Analysis
  - WSPC
  - WSPI

- **Mediator**
  - Organisational Goals

- **Dependant Variable**
  - Human Capital Development

**Figure 2**: Model for the proposed hypothesis.

TNA: Training Needs Analysis
TD: Training and Development
WSPI: Workplace Skills Plan Implementation
4.0 Research Design and Approach

In this study, the researchers developed a questionnaire to collect data. The positivist method was used in this study, because it fits the description of what this research aimed to achieve (Madonda et al., 2021). The positivist method employs a deductive approach to research, starting with a theory and testing the theoretical guesses using empirical data. Workplace skills plan was used as the independent variable, since, according to Dillman et al. (2014), it is the variable that is assumed to bring about change on the extent of human capital development. Quantitative research design was used in this study to reach out to the target population sample identified by the researcher in the organisation. The sample size of the study was 379 participants from the population of about 26 655 eThekwini municipality employees. EThekwini municipality uses document record learning to identify employees that will be scheduled for yearly training (Madonda, 2021). The document is also used to generate annual training reports to show employees that attended learning and development interventions in the past year. The reports also helped the researcher to identify the sample which was approached for this research and probability sampling that was used in this research. The semi structured questionnaire was sent to 379 participants who attended training and were in the 2018-2019 workplace skills plan and 279 participants completed and returned the questionnaires. The researcher did not send the questionnaires to employees who were trained in the same period but did not complete the WSP forms. The measuring scale used in coding the questionnaire was the Likert scale. Questions used by the researcher are 30 questions where the participant chose by ticking or crossing one of the most appropriate response according to his or her point of view. These questions were tested to 20 trainers where the questionnaire was circulated to them to complete to find out if questions asked are specific enough and will assist the researcher to obtain the relevant information.

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4.1 Data Collection Method and Analysis

Questionnaires were delivered by email as well as hand delivery to the members of the chosen sample. The collection of completed survey instrument was done through pickup method and emails, postings and face-to-face meetings. Data analysis instrument used in this study was the Statistical Package for the Social Sciences (SPSS version 20) and AMOS version 20. SPSS is a software package used for logical batched and non-batched statistical analysis. Data was analysed by using SPSS descriptive statistics. Frequency tables were drawn and from these the data was presented on pie diagrams and bar graphs. The data that was collected was categorical in nature, and that is why bar graphs and pie diagrams were used for the graphical representation of data variables (Dillman et al., 2014; Madonda, 2021). AMOS version 20 was used for a confirmatory factor analysis (CFA) and structural equation modelling (SEM), to determine the nature and degree of relationship between variables. The correlation statistic was reported together with its p-value, which was then compared with its significance value of 0.05. The researcher constructed questions in the questionnaire in line with research objectives, literature in the study and conceptually sound results obtained by other scholars in the domain of human capital development. Validity was addressed through conducting a factor analysis on SPSS version 20, AMOS version 20 and a pilot study. Reliability analysis was conducted on SPSS version 20 through Cronbach’s Alpha (1951) that a recommendable Alpha should be above 0.70 for an acceptable internal consistency. Therefore, the researchers were guided by this benchmark of internal consistency to determine the acceptability of the results of the reliability analysis.
4.2 Features of Demographic Data

Gender of Participants: The total number of respondents was 279. This was made up of 48.4% males and 51.6% females. The analysis of this results showed that there are more females who participated in this study than their male counterpart.

Age of Participants: Of the 279 respondents who participated in this study, 8.2% of them were aged <20 years, 37.3% were aged 21-30 years, 41.6% were aged 31-40 rears and 12.9% respondents were within the age range of 41-50 years. The analysis of this results showed that majority of the respondents who participated in the study are aged between 31-40 years. This also indicated the active working population of any economy globally.

Highest Level of Education: In the analysis of education standard of the respondents, 8.6% respondents had attained a high school level of education, 21.5% had a diploma, 43.4% held a Bachelor's degree, 17.9% respondents with an Honor’s degree, and 8.6% respondents with a Master's degree. The analysis of this study showed that majority of the employees who participated in this study possess a Bachelor's degree in various field of endeavor.

Employment Status: In the analysis of the employment status of the participants of this study. Of the 279 participants, 25.4% had <5 years of work experience, 52.3% had between 6-10 years of service experience, 13.3% respondents had between 11-15 years of experience and 9.0% respondents had 16-20 years of service experience. The analysis of this study showed that majority of the employees who participated in this study have between 6-10 years of service level experience related to their field of endeavor.

4.3 Analysis of the Data

4.3.1 Reliability Analysis on Cronbach’s Alpha

A reliability analysis was performed on Cronbach’s alpha (1951). Based on the results of reliability analysis, all values of internal consistency were acceptable as they ranged from 0.830 to 0.903 (table 2). Values which are close to 1 are an indication of a good internal consistency as opposed to values which are close to 0.00, representing a poor internal consistency (Steele et al., 2001; Madonda, 2021). In view of this, a recommendable alpha should be >0.70 for an internal consistency that is acceptable.

Table 2: Reliability Analysis of Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Need Analysis</td>
<td>5</td>
<td>0.903</td>
</tr>
<tr>
<td>Training and Development</td>
<td>5</td>
<td>0.871</td>
</tr>
<tr>
<td>WSP Implementation</td>
<td>5</td>
<td>0.830</td>
</tr>
<tr>
<td>WSP Consultation</td>
<td>5</td>
<td>0.853</td>
</tr>
<tr>
<td>Organisational Goals</td>
<td>5</td>
<td>0.901</td>
</tr>
<tr>
<td>Human Capital Development</td>
<td>5</td>
<td>0.897</td>
</tr>
</tbody>
</table>

However, from the analysis in table 2, Table 2 training need analysis accounted for 0.903, while training and development obtained 0.871. Work skills plan implementation recorded 0.830, while work skills plan consultation accounted for 0.853. Organisational goals obtained 0.901 and lastly, human capital development recorded 0.897. The sample (n) size of each variable was 5. A confirmatory factor analysis was performed on AMOS version 20 based on its ease of use. A measurement confirmatory model that contained all items of measurement variables was constructed. Thus from the analysis all factor loadings ranged above 0.707, except three of them which were reported between 0.53 and 0.69. Valid and acceptable factor loadings should be equal to or greater than 0.707 for good convergent validity (Steele et al., 2001; Zondi, 2021). Hence, the obtained factor loadings are reliable and valid.

Furthermore, in the analysis of this study, a structural equation model was constructed based on the responses from the questionnaire. It was utilised on the bases of its ability to explicitly assess the measurement error; estimate the latent (unobserved) variables via observed variables; and model testing. On the text output, the SEM produced values of the fit indices which were then assessed to determine the model fitness, and the maximum likelihoods estimates, regression weights, covariance and correlations, to determine the results of hypothesis testing. Based on the output of the model, a good fit for all values was ensured. As figure 3 showed, the SEM achieved a good fit, producing the value of Chi-square that is equal to 1802.524. Other recorded fit values include degree of freedom = 390, GFI = 0.726, AGFI = 0.673, TLI = 0.723, CFI = 0.752, RMSEA = 0.114.
The standardized regression analysis of this study showed that the recorded standardised regression weights for all the measurement constructs were also performed after running a test on Amos version 20, and different regression weights were recorded in each of the measurement construct (Zondi, 2021; Madonda, 2021). Regression weights were used to compare the direct impact on a given endogenous variable. The results obtained indicated that the minimum was achieved, and the model fitness was ensured. According to Dillman (2014), the indicator variables should have standardised regression weights that are close to, higher or equal to 0.7 on the latent variable they represent. In this study, the attained standardised regression weights are ranging close to 0.7, and some of them attained a value that is higher than 0.7, hence indicating that an acceptable model fit was achieved.

The covariance analysis of this study also showed that the covariance between the independent variables, namely, training need analysis (TNA), training and development (TD), workplace skills implementation (WSPI) and workplace skills consultation (WSPC). Hence, the recorded covariances are acceptable as they indicated a significant covariation, with \( p < 0.05 \). However, for the correlation analysis of the study, it showed the correlations between the independent variables, namely, training need analysis (TNA), training and development (TD), workplace skills implementation (WSPI) and workplace skills consultation (WSPC), the results were acceptable, with \( p < 0.05 \). Hence, for all the measurement errors, the outcome was also acceptable as the minimum was attained, with \( p < 0.05 \). The squared multiple correlations for each of the observed variables of this study, that is; TNA 1 up to TNA5, TD1 up to TD5, WSPI1 up to WSPI5, WSPC1 up to WSPC5, OG1 up to OG5 and HCD1 up to HCD5, showed that they are regarded as the communality estimate for indicator variables, and their value should indicate the squared standardised regression weights (Steele et al., 2001; Madonda, 2021). In other words, squared multiple correlations are expected to range close to, higher or equal to 0.49, since an acceptable range of standardised regression weights (0.7), when squared is equal to
Based on the results of this study, the squared multiple correlations are ranging close to 0.49, and as such, they are acceptable.

5.0 Discussion of Results

The aim of this study was to examine the influence of workplace skills plan on human capital development. As such, the identified components of workplace skills plan and its implementation include training needs analysis, training and development, workplace skills plan consultation and workplace skills plan implementation. These components were regarded as independent variables and tested against human capital development as a dependent variable. Based on the extensive literature available, organizational goals proved to be very important in guiding the overall process of workplace skills plan and its implementation towards achieving human capital development. As a result, organizational goals played the mediation role between the independent and dependent variables of this study.

The results of this study indicated that training and development have a direct and indirect positive effect on human capital development. In this regard, the findings concurred with the proposed hypothesis which highlighted that; directly, training and development exerts a positive influence on human capital development, and indirectly; that is: through organizational goals as a mediator, training and development has a positive effect on human capital development. The findings confirm the significance of qualification frameworks mentioned in this study which is designed to equip people with educational achievements that will contribute to economic growth. It further conveys the skills, knowledge, and attributes a graduate has gained through completing a qualification. Previous researchers have also suggested that training and development are key drivers of human capital development (Solomon et al., 2012; Long et al., 2014; Madonda et al., 2021). Hence, training and development are regarded as the key antecedents of human capital and organizational knowledge. This is also in line with the assumptions of the Australian National Training Authority (ANTA) (1999) which view training and development as crucial pillars that strengthen the national system of qualifications encompassing higher education, vocational education and training and schools. Zondi et al. (2021) propounded the view that training and development are executed to boost the overall human capital development as a way of enhancing organizational performance.

The findings of this study also indicated that organizational goals have a positive effect on human capital development, and as such, they approved one of the proposed hypotheses of this study. Khan (2015) articulated the view that for the human resource development as a function to be useful, it must align itself to the overall goals and strategies of the organization. In other words, there is a positive relationship between the strategy of an organization, goals and human capital development within the context of human resource development strategies (Ajagbe, 2014; Ajagbe et al., 2016). This simply means that organizational goals are prioritised and taken into consideration when implementing strategies that are aimed at achieving the overall human capital development, such as training and development, training needs analysis, and workplace skills planning. In conjunction with the above analysis, Ogbari et al. (2015) expressed the view that it is very important to link human capital development to organizational goals and strategies as this will help in managing changes in the business environment (Khan et al., 2011). On a similar note, Madonda (2021) suggested the view that organizational goals should lead to job-centred training and the overall human capital development.

The results of this study also indicated that the overall workplace skills planning process is a key driver of human capital development, and as such, the proposed hypotheses were supported. Anyadile (2014) elaborated the view that human resource planning is crucial in assisting organizations to obtain and retain the desired quality of workforce that is required for the attainment of organizational goals and objectives, and thereby providing for the future workforce needs of the organization in terms of needed knowledge, skills and experiences. As such, strategic workplace skills planning serve the purpose of identifying the human capital that is required to achieve organizational goals and developing strategies to meet these requirements. Echoing this analysis, Sultana et al. (2014) depicted that “workforce planning is grounded in its contribution to organization performance. Done well, it provides management with a way to align the workforce with the business plan, anticipate change, address current and future workforce issues.” Workforce planning is of paramount importance in the alignment of strategic planning, human capital and budgeting to meet organizational goals. Al-Sawai & Al-Shishtawy (2015) stated that workforce planning is the timely anticipation of potential future imbalances between the supply and the demand of skills, enabling action or as the systematic assessment of future human resource needs and the determinations of the actions required to meet those requirements. As such, it can be acknowledged that there is a positive relationship between workplace skills planning and human capital development, since workplace skills planning is aimed at developing a set of skills, expertise and knowledge for the attainment of strategic goals of an organization.

6.0 Conclusion of the Study

The primary objective of this study was to examine the effects of workplace skills plan on human capital development. Through an in-depth research, it was unearthed that workplace skills plan is very crucial in boosting the overall human
capital development. Workplace skills plan helps organizations to adjust to labour market flexibility or to respond to changes in the labour market, and to maximise the returns from the large investment in skills and tertiary qualifications. It was found that workplace skills planning enable the recognition in identifying, assessing and developing substantial knowledge, skills and competencies of employees. As a feature of human capital development, workplace skills plan is characterised by variables such as training needs analysis, training and development, workplace skills plan implementation and workplace skills plan consultation. In this view, these variables were regarded and treated as independent variables of this study, and their effect on human capital development were investigated. Previous research indicated that organizational goals should be taken into consideration when planning and executing a workforce skills plan. Hence, the significance of organizational goals cannot be underestimated. As a significant approach, this study introduced organizational goals as a mediator between the independent (training needs analysis, training and development, workplace skills plan implementation and workplace skills plan consultation) and dependent (human capital development) variables of this study. In line with the suggested hypothesis, the findings of this study indicated that training and development has a direct and indirect positive effect on human capital development. Training and development has been acknowledged as an approach that emphasizes on imparting employees with new knowledge, skills, techniques and experiences such that employees are able to carry out their duties with fullest efficiency and effectiveness, and it plays a substantial role in advancing the overall human capital development. In other words, the research has established that successful training and development initiatives ensures that employees are well equipped with the necessary knowledge, skills, techniques and procedures such that they are able to carry out the duties in a satisfactory manner towards achieving strategic goals of the organization whilst satisfying their own individual desires. As an antecedent of the overall human capital development, training and development helps in building up employee confidence and improving employee performance.

This study also found that the mindset that workplace skills plan implementation has a direct positive effect on human capital development. This is in accordance with one of the proposed hypotheses of this study. Measurement items of workplace skills plan implementation were designed such that they address the main dimensions of workplace skills plan such as strategizing on how to enhance employee skills, knowledge, capabilities and competencies to match employee job profiles. However, the results indicated that workplace skills plan implementation has a negative effect on organizational goals. This could mean that taking organisational goals into consideration when implementing workplace skills plan to stimulate the overall human capital development is not that much important. The study also reported that workplace skills plan consultation has a direct and indirect positive effect on human capital development. Given the mediating role of organizational goals between workplace skills plan consultation and human capital development, the findings of this research proved that workplace skills plan consultation has a positive effect on the overall human capital development. It was also revealed that a workplace skills plan consultation is very essential in the sense that it elucidates information connected to skills that employees have and it also recognizes skills that employees are deficient in. The findings of this research also proved that human capital development is one of the important drivers of organizational performance. Based on the study, human capital can be contextualised as a range of knowledge, skills and competences that people obtain through formal education or training and it is an important characteristic of organizational performance. For, future researchers, the results of this study can be applicable in a larger population based on the nature of the targeted population and the subject matter being investigated.

7.0 References of the Study


Ajagbe, A. M. (2014). Funding Criteria in Technology Based Firms in Malaysia. PhD Dissertation Submitted to the Graduate School, Universiti Teknologi Malaysia.


