Human Capital: Definitions, Approaches and Management Dynamics

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Abstract. Human capital formed the integral part of this study. The study made effort to highlight the values, importance of human capital to management, individuals and all others interested in the development of their workforce with a view to increasing organization performance. The approaches as identified and applied in the study, found its root in business economics theory which when effectively applied, has the capacity to act as change agent on employees performance leading to organizational success.

The study also reveals that management principles as embedded in management dynamics can not be ignored by organization that is poised for serious business.

The research results are mainly based on the definitions of human capital and the exposition of its approaches to the understanding of the nature, status and importance of human capital in all facets of life.

Key words: Human capital, organization, development, management, employee.


Introduction
The concept of human capital is rooted in economic science development. In the explanations of Kucharcikova (2011) economists seek to highlight and draw attention to the ability of workers to work with machines and design same to enable humans cope with hard work in the world of work. In view of this submission there is certainly the need for the individual to increase his/her knowledge, skills and abilities for the progress and development of our world and society. There is inherent problem with the attempt to define the concept of human capital, in other words, there is no consensus definition of human capital as of today. According to Kucharcikova (2011) there is still problem with the scientific understanding of the nature, status and the role of human capital. Be that as it may, there however exist two basic approaches to understand the nature and goal of human capital. In the present work effort will be made to high light some definitions of human capital as has already been identified in the previous works of scholars in the field of study of human capital. The approaches they have adopted in the cause of their work will also be highlighted and then apply them to management dynamics in organizations. This is made possible since the concept of human capital can be applied almost in all endeavours.

Definitions of Human Capital
The history of human capital is traceable to the works of the Chicago school of economics where economists first develop the idea of human capital, such as T.W. Schultz and G.S. Becker in the 1960s. Even though there was some initial resistance to the idea at the early stage of development of the concept, scholars soon come to terms with the theory of human capital. Human capital by the day, is receiving more and more attention all over the world both at the organizational and individual levels.

According to Schultz (1979) human capital involves increase investment in education and training of the individuals. Individual’s abilities can be enhanced through education and training that bring about effective change in the
performance of jobs. Marshal (1998) postulates that human capital amounts to investment on education and training which can be undertaken by individual or group of individual workers of any institution or organization. Becker (1993) conceived of human capital as referring to “investment in education, training, skills, health, and other values that can not be separated from the individual.” Human capital is a trait crystallized in an individual that can not be expunged. To Okojie (1995) human capital refers to the “abilities and skills of the human resources of a country.” In the words of Marimuthu et al (2009) human capital simply refer to the “processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee’s job satisfaction and performance.” Schultz (1981) makes a notation on human capital when he said: “Take into account the innate and acquired skills. Those are important and may invest to expand, and will form the human capital.” The most famous of the proponents of the human capital theory well known today, is Gary Stanley Becker of the Chicago School of Economics, USA. In his classical book written in 1964 titled: “Economic Development with Unlimited Supply of Labour”, Becker stressed the importance of investment in education, training, skills, health and other values in human beings. In The Concise Encyclopedia of Economics Human Capital written by him, Becker emphasized the following:

Schooling, expenditures on medical care, and lectures on the virtues of punctuality and honesty are also capital. That is because they raise the earnings, improve health, or add to a person’s lifetime. Therefore, economists regard expenditures on education, training, medical care, and so on as investment in human capital, (Becker, 2011)

Becker’s erudite submissions have highlighted the various perspectives in which human capital can be viewed by employers of labour. His emphasis has gone beyond the mere award of salary but the involvement of the organization in the personal development drive of the individual employee’s abilities. Therefore,
investment on employee’s education, skills, values, etc all enhance job satisfaction and performance with less job turn over in the organization. All expenditures on medical care given to employees of an organization automatically promote not only the health of the employee but also the well being or good health of the organization. An organization can be said to be “sick”: it is not the setup per se but a reference to the employees of the organization for lack of performance. All organizations depend on its employees to succeed. Through human capital development interest and commitment to duty is enhanced and hence the stress on investment in education and training in the workplace.

Davenport (1998) sees human capital as the innate abilities, behaviours, personal energy possessed by people and these elements make up the human capital which they bring to the workplace. To Armstrong (2006) human capital is the knowledge and skills which individuals create, maintain and use. OECD (2001:18) defined human capital as the knowledge, skills, competencies, abilities, and other attributes embodied in individuals that facilitate the creation of personal, social and economic well being.”.

According to Kucharcikova (2011), the new theories of economic growth characterized the human capital as the sum of the individual congenital and acquired skills, knowledge, and experiences of individuals. Often writers omit “commitment” in their listing of the characteristics of human capital such as knowledge, skills, experience, which may appear to them very important. But no matter the knowledge, skills, experience, etc one may possess, without the spirit of “commitment” to perform, the individual may still not perform as expected unless there is the “commitment” to perform creditably the given task or job.

All the literatures reviewed on the concept of human capital imply or emphasize the same thing in their various definitions, that there is need for more investment in education and training for organizations to succeed in the contemporary world of competition. Organization that de-emphasize or lay no premium importance on the training and development of its human resource or labour force, is bound to fail or to simply put, is tilting towards a state of collapse.
Approaches to Human Capital

In economics theory, there are two basic approaches to human capital which are (1) Macroeconomic approach and (2) Microeconomic approach as identified by Kucharcikova (2011). These approaches are further subdivided into various subheads in line with business economics. The approaches as used by economists and other scholars to the understanding of human capital are however applied in this work. The goal of human capital approach, according to Ndinguri, Prieto, Machtes, (2012) sought to improve values, team work, consciousness among individual employees and overall collective performance.

According to Kucharcikova (2011), the microeconomic aspect has two approaches to and are classified under business economics. According to him, in business economics, human capital has been considered as a factor of production. Kucharcikova (2011) further added that under managerial view, human capital is seen as a business resource or asset which forms part of the market value of the company, while in macroeconomic approach, human capital is viewed as one of the factors of production, and the sources of the economic growth (Kucharcikova, 2011).

Microeconomic Approach
This approach to human capital is based on business economics and managerial views.

Business Economics view

In view of the above, and in terms of business economics approach, human capital is considered as one of the factors of production such as material, property, and human labour (Kucharcikova, 2011) making up costs of production to the company or firm. In the views of Kucharcikova (2011) human capital does not work on its own but with the effort of human labour which Kucharcikova (2011) called the qualitative aspect.
Managerial View

According to Kucharcikova (2011) managerial approach considers human capital as an intangible company asset which forms a part of the intellectual capital and market value of the company. Kucharcikova (2011) noted that the process of enterprise value creation varied according to the perspective of authors. This means that authors do not view the process of enterprise value creation in the same perspective but all work for the advancement and synchronization of the prevailing ideas.

Resource View

Koubek (2007) posited that business resources are material (machinery, equipment, and energy), finance, information and human. According to him, “human resources are of decisive importance in business management, economy and personnel work.” Rosak-Szyrocka and Borkowski (2007) asserted that “workers are the most valuable resource of every organization, without regard to the range of executed duties.” The author aligned with this view because human resources are the custodian of human capital innate to them and not transferable. Kucharcikova (2011) in support of the above affirmed that it is in this angle that people equate human capital and human potential. He defined human resource as the sum of available human and assumption base on the production of goods and services (Vodak, Kucharcikova, 2011).

Invariably, it is recognized by (Kucharcikova (2011), Blaskova, Hitka, (2011) that in organizations, the most qualified subject in managing and motivating employees are the right department of human potential development (human resource management services, personnel services). According to Kucharcikova (2011) human capital represents the factor which gives a specific character to every organization. Therefore people form an element in organization to learn, innovate, stimulate and make the necessary changes as well as think creatively. Vodak (2010) observes that all these are important for the long-term successful operation of a company in the market.
Creation of Market Value View

Environmentally, new and dynamically changing society forces management of organizations to maintain their competitiveness in order to constantly provide those who patronizes them with an exceptional value and creative search for ever new ways to create this value, how to go about it and how to inform their target market or clients what they can provide or offer. (Kozena, 2010).

Intellectual Capital View

This is the sum of human and structural capital. These are experience, organizational technology, customer relationships, and professional skills (Kucharcikova, 2011). Human capital is a combined knowledge, skill, innovativeness, and ability of the organization to meet the task at hand. Therefore human capital cannot be owned by the organization. Structural capital is the hardware, software, databases, organizational structure, patents, trademarks, and everything else of organizational capability that supports those employees’ productivity – in other words, everything that gets left behind at the office when employees go home. Structural capital also provides customer capital, the relationships developed with key customers (Bontis, 2001). Organizational capital is the institutionalized knowledge possessed by an organization, which is stored in databases, and manuals. It is often called structural capital (Edvinson, Malone, 1997) but the term “organizational capital” is preferred. (Kucharcikova, 2011).

In the views of Davenport, Prusak, (1998) quoted in Kucharcikova (2011), organization is said to use different approaches for accumulating and utilizing their knowledge, and these approaches present themselves as different aspects of intellectual capital, i.e., human organizational, and social capital. According to Kucharcikova (2011) the concept of intellectual capital is based on the belief that the main resources for building competitive advantage are intangible in nature. But he buttresses the point further when he quoted Edvinsson and Malone (1997) who
had used the word “intellectual capital” for the first time in their work instead of the common accounting term “intangible assets.”

Armstrong (2006), Kucharcikova (2011), Edvinsson and Malone (1997) had agreed to the concept of human, intellectual, social and organizational capital. According to their argument, it is the individuals that generate, retain, and used knowledge and skill (human capital) to create intellectual capital in that their knowledge is enhanced by the interactions between them (social capital) and generate the institutionalized knowledge possessed by organization (organizational capital) Kucharcikova (2011).

Knowledge Management View

Kucharcikova (2011) quoted Drucker (1993) as being the first to enrich management with the understanding of a new kind of capital, called knowledge capital. According to the prediction of Drucker, while money capital subsides, knowledge capital will never. Accordingly, knowledge or human capital has more and more been considered as the most valuable capital of any organization. In his argument, human capital is not the same with everyone since someone who holds knowledge capital can be a creative and skilled worker or a professional manager. However, as Drucker (1999) further noted, the world is fast moving away from a production-based economy to a knowledge-based one within the best practices.

Others who have contributed to favour knowledge management are Nonaka and Takeuchi (1995) who said that knowledge management requires a commitment to “create new, task-related knowledge, disseminate it throughout the organization and embody it in products, services and systems.” Accordingly, Kucharcikova (2011) observes that at the organizational level, knowledge is generated from internal operations or from outside sources communicating with the corporate structure. Hence Davenport and Prusak (1998) have defined knowledge as the sum of experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. Therefore, knowledge management accordingly deals with the creation, acquisition,
integration, distribution, and application of knowledge to improve the operation effectiveness and competitive advantage of an organization.

The linking of human capital with knowledge management lies in the fact that human capital is something viewed as a set of congenital or innate and acquired knowledge which can be reflected as skills, talent and inventiveness (Kucharcikova, 2011). This author aligns with this submission because skills, talent and inventiveness are the capital an employee brought into an organization that can be responsible for the creation of further capitals.

**Macroeconomic Approach to Human Capital**

Everywhere, economic growth is the main objectives of the economic policies of government. Economic growth can only be achieved through intensive and extensive use of production factor which is usually embedded in the gross domestic products (GDP) of a nation. According to Kucharcikova (2011) intensive and extensive economic growth are notable. He describes extensive economic growth as the result of increasing the quantity of used production factors, basically, land, labour and capital. These are well known basic factors of production in economics.

Land as a factor of production, comprised of its natural environment. Kucharcikova (2011) has argued that this source is often used to mark natural resources however some economists have connected the factor with capital. He said that it is the decisive factor of production to achieve growth, in the period before the Industrial Revolution. According to him most of the workforces are employed in agriculture in many developing countries, at present. He argued that when economic growth is too high there will be depletion in natural resources. Hence the talk about sustainable growth that will not lead to depletion.

Labour is the next factor of production Kucharcikova (2011) considered as economic growth achieved through increase of labour force. In his view, this is influenced by demographic trends, amount of labour force, scientific and technical progress level, the social division of labour, and labour productivity in various sectors. At present modern technologies require fully skilled workers for operation and maintenance.
Therefore it is necessary to increase the labour force qualification through training and retraining (Kucharcikova, 2011).

Capital is a scarce resource. In economics the term “capital” is wide and capital in economic growth involves such things as buildings, machinery, equipment and technology to bring about the desired result. Capital accumulation in accounting principles is by creating savings. Capital accumulation changes the ratio between production factors. Capital accumulation is increasingly directed to education and research. Economists have found it necessary to demerged capital on physical and human capital in the 80s of the 20th century (Kucharcikova, 2011). This is one reason why the UNICEF, an organ of the United Nations has called on all governments of the world to ensure that 26% of the nation’s budget is geared toward education development.

Human capital is vital and it includes the natural ability, innate and acquired skills, knowledge, experience, talent and inventiveness. All these characteristics are components of the human capital. The essence of creation, increasing the value and effectiveness of human capital, is spending money now but expected benefits will flow in future. Forms of increasing the value of human capital are expenditure oriented for example to health, safety, science, research and education Kucharcikova (1999).

It is obvious that Kucharcikova (2011) has described the characteristics of human capital which are natural ability, innate and acquired skills, knowledge, experience, talent and inventiveness. There is one very important factor he failed to integrate without which the characteristics listed above will not be effectively utilized in any organization. That has to do with the factor of “commitment”. It takes commitment as has already been emphasized above that it takes “commitment” to perform and to effectively utilized natural ability, innate or acquired skills, knowledge, experience, talent and inventiveness. This is why at present the commitment of all employees in an organization is stressed for organization management to succeed. However, this
criticism is not meant to undermine Kucharcikova’s submissions but to contribute to his erudite submissions with respect to human capital characteristics.

The next economic growth discussed by Kucharcikova (2011) is that of intensive economic growth. He emphasized that this growth is caused by increase in production per unit of input. According to him, this type of economic growth is influenced by the quality, efficiency and manner of combining production factors. In this view intensive growth factors include the technical progress and increase of productivity factors. He enumerated the determinants of aggregate productivity factors as follows:

(i) The level of work organization,
(ii) technology, technical support,
(iii) the level of education,
(iv) motivation of employees to increase their performance, and
(v) the natural and soil conditions (Kucharcikova, 2011)

In an era or period characterized by rapid and extensive introduction of technical innovations, education is the most important factor. It contributes to the technological progress, factors productivity growth, increasing value of the human capital and in the overall, economic growth. New knowledge and skills are to adapt to the current needs and possibilities of concrete firms and economics in an innovative and creative way (Kucharcikova, 2011). This is why economists such as Becker, Schultz, Denison and others emphasized the importance of investing in education in order to contribute to economic growth and its acceleration in the 50s and 60s of the 20th century (Kucharcikova, 2011).

Becker on his own has stressed that economic growth cannot be explained by the growth of physical capital and technological innovation. He emphasized the importance of human capital and according to Volejnikova, (2005) man is the epitome of human capital. Therefore investing in people (human capital) is the only source of economic growth in a modern economy (Schultz, 1981).
Knowledge Based Approach to Human Capital

In consonance with the foregoing discourse of human capital development (HCD), there is one very significant approach that is dynamic and coalescence to this discourse. This has to do with the knowledge based approach to human capital development as enunciated by Ndinguri, et al (2012) in a study conducted. Although knowledge based approach to human capital development is quite new, it is however gaining popularity with authors and scholars in the discourse of human capital.

Knowledge based approach to human capital development as dynamic as it is, synchronizes the idea of the different types of knowledge important to organization in accordance with knowledge based theory in the postulate of Grant (1996). Organisation or management cherish knowledge as one of its resources and sought to protect it in such a way that it considers how to organize it, efficiently generate it with capability (Nickerson and Zenger, 2004). The way it is generated and the manner it is imparted and integrated in organization has influence on the ability of the organization to take part in competition in the market with positive result of its use (Eisenhardt and Martin, 2000). To Grant the proponent of knowledge based approach to human capital, knowledge is a strategic formulator which reinforces the main components – people. In the proposal of Grant, people are the carriers of and agents of business (Sveiby, 2001), create organization structures that enables interaction as well as self-expression (Weick, 1983), (Sveiby, 2001) and Ndinguri, et al, (2012).

Human capital development has the capacity and ability to create knowledge value required in the organization.

Bureaucratic Approach to Human Capital

Bureaucracy, according to Idahosa (1997) and Aghemelo and Osumah (2008) is a system of structure having the capacity to coordinate activities of human beings. Bureaucracy though often refer to as government official, has the capacity to coordinate expert knowledge, experience, skills, commitment to disseminate
human capital to those who sought it. The criticism of bureaucracy has often been that those who lay claim to expert knowledge, skills, experience and commitment are often found to horde the knowledge meant to be disseminated as a guide. It can however be used as human capital approach in the sense that bureaucracy has something to offer both to the general public and organization when properly coordinated. Bureaucracy could have been a very good approach to human capital because it was patterned after the Max Weber’s theory of bureaucracy which was meant for efficient knowledge management but has often been criticized for the bottle neck it has brought to organization.

Idahosa (1997) has however argued that, even though bureaucracy is deviled with bureauopathologies, the solution does not lie in the abolition of the bureaucracy or in the provision of more rules, regulations and impartial procedures. Rather, the solution lies in a positive change in the use of human capital – knowledge, skills, experience, and the commitment to effectively use their expert knowledge base in organization, since efficiency and effectiveness is the essence of the human capital characteristics required of the bureaucrat.

**Scientific Management Approach**

The well known theorist in this aspect of scientific management approach to human capital in the context of this work is Frederick Winslow Taylor, Tonwe (2009). He is credited as the father of scientific management theory (Aghemelo and Osumah, 2008). His scientific management approach can be applied to human capital development. The aim of scientific management approach to human capital sought to achieve among other things as (Tonwe, 2009) and Aghemelo and Osumah, 2008) listed below:

(i) to help in developing higher standard of living by increasing the income of the workers (human capital);

(ii) to avoid or minimize wastage of material and human resources in order to get larger income from expenditure. This income should be shared between the management and workers (human capital);
(iii) to capacitate management to provide a happier home for the workers by removing disagreeable factors;

(iv) to provide individually and socially, healthy conditions of work to the members of the organization;

(v) to provide maximum opportunities for the highest development of individuals’ capacity through scientific method of work assignment, selection, training, transfer and promotion;

(vi) to impart training to the workers so that they may develop newer capabilities and at the same time become eligible for promotion;

(vii) to bring about the development of self-confidence and self respect among workers (the human capital of the organization);

(viii) to create atmosphere of research where workers could develop the capacity to express and understand the aims and objectives of the organization;

(ix) to promote justice by discouraging discrimination in wages;

(x) to eliminate from the work environment factors which cause conflict and feeling of intolerance.

Taylor’s scientific management approach fit into the requirements of human capital development in organization in eliminating dunderheads, promote training and education for the workforce (human capital) of the organization, create avenue for advancement in income earned as the benefit of human capital, improved health for the workforce and earning respect for the human capital possessed by the people who work in the organization. Scientific management approach to human capital is a very sound approach to the study of human capital in organization.

**MANAGEMENT DYNAMICS**

Management by simple definition means getting the job done through the people. In Aibieyi (2012) management has been defined as getting things done through other people. In Peter Drucker’s view, it is the organ of institution that converts human efforts into performance.
The management dynamics rest on the principles of management as enunciated by Henri Fayol about 1914 based on his work experience in a mining company in France. Through those years Fayol had acquired experience through a close study of the organization he work as a director and began to develop what he considered to be the 14 most important principles of management. Essentially, these explained how managers should organize and interact with subordinate staff. The “14 Principles of Management” was published in the “Administration Industrielle et Generale” which today still represent the management dynamics practiced by managers. Fayol also has created a list of 6 primary functions of management, which go hand in hand with the Principles he earlier published. Accordingly, Fayol’s “14 Principles” of management was one of the earliest theories of management to be created, and has remained one of the most comprehensive.

Fayol is considered among others as the most influential contributors to the modern concept of management. His theory falls under the Administrative Management school of thought (as opposed to the Scientific Management school, led by Fredrick Taylor).

The “14 Principles of Management” are listed below:

1. Division of Work: When employees are specialized, output would increase as the employees become increasingly skilled and efficient on the job.
2. Authority: Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility, in other words, take responsibility for all actions carried out within the organization.
3. Discipline: Discipline must be upheld at all times but the methods to meant out discipline vary from organization to organization.
4. Unity of Command: Employees should have only one direct supervisor since no man can serve two masters at the same time.
5. Unity of Direction: Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
6. Subordination of Individual Interests to the General Interest: The interests of one employee should not be allowed to become more important than those of the group. This includes managers.

7. Remuneration: Employees satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.

8. Centralization: This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.

9. Scalar Chain: Employees should be aware of where they stand in the organization’s hierarchy, or chain of command.

10. Order: The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.

11. Equity: Managers should be fair to staff at all times, both in maintaining discipline as necessary and acting with kindness where appropriate.

12. Stability of Tenure of Personnel: Managers should strive to minimize employee turnover. Personnel planning should be a priority to the organization.

13. Initiative: Employees should be permitted to exercise the freedom to create and carry out plans.

14. Esprit de Corps: Organizations should strive to promote team spirit and unity at all times.

(Henri Fayol, 2012)

According to Tonwe and Imhabekhai (2009), even though these principles have been enunciated over three-quarters of a century ago, they have continued to be integral parts of modern management theory.

Henri Fayol in line with his 14 principles of management had prepared six main primary functions of managers in organization and they include the following:

1. Forecasting;
2. Planning;
3. Organizing;
4. Commanding;
5. Coordinating; and
6. Controlling.

We now take the various subheads for analysis as appropriate to this study

**Forecasting** – Forecasting is a management technique used by managers with the aim of making decision today against future occurrence. According to Aigboje (2013) it is an assumption about the future events in which managers are to develop forecasts for probable future circumstance. In the words of Moorhead and Griffen (2009) forecasting is the “process of developing assumptions of premises about the future that management can use in planning or decision making.” Forecasting by implication is predicting some future condition or event. Forecasting mainly involves the future (Breton and Henning (1961).

Forecasting is taking a step ahead of time of future occurrence. It involves a strategic plan for the future. It has no business with planning after the occurrence of events which forecasting seeks to prevent or guard against their occurrence. In some organizations it is only after an occurrence of an incident they consider developing plans or making decisions to prevent reoccurrence which should have been an initial step to take. Forecasting is intended to take care or prevent an event that may probably occur in the future. Perhaps those event(s) which are strategically planned for may occur or may not occur but it is appropriate to plan ahead of time. Forecasting is an important aspect of the functions of managers and management.

**Planning** – This aspect of management functions involves selecting objectives, strategies, policies, programmes and procedures capable of achieving the set objectives either for the organization as a whole or for a part of it. Planning might be done exclusively by managers who will later be responsible for performance (Aibiyei, 2009). However, ideas to aid in planning might also emanate from staff of management and not necessary managers only as the arrow head. Expert advice is nevertheless a part of the management planning function (Aibiyei, 2009).

**Organizing** – Dictionary listed organize as, “to put into order, to make arrangements for, to unite in a body or force, to arrange for a purpose with system
and method,” (Pitman, 1974). In the opinion of Aibieyi (2012) to organize is to provide or prepare to give an orderly structure to something, e.g. organizational structure or organogram which depicts how organization is arranged and run in order of hierarchy. According to Tonwe and Imhabekhai (2009) the views of Fayol in treating business organization are to provide it with everything useful for its functioning: raw materials, tools, capital and personnel. At this stage, Fayol had concerned himself more with the human organization and then focused on the analysis and elaboration of managerial duties in a dynamic organization, (Tonwe and Imhabekhai, 2009). The provision of tools and materials for the effective functioning of management is paramount to organization.

**Commanding** – When a manager has authority, he also has the right to command to ensure objectives are achieved. Therefore the purpose of command is to set the human organization in motion to achieve the objectives of the broader organization. To command effectively and get optimum result or return from all employees, Fayol asserts that a manager must:

i. have a thorough knowledge of his personnel;

ii. eliminate the incompetent;

iii. be well versed in the arrangements binding the business and its employees;

iv. set a good example;

v. conduct a periodic audit of the organization and use summary charts;

vi. bring together its chief assistants by means of conferences, at which unity of direction and focusing of efforts are provided for;

vii. not become engrossed in detail; and

viii. aim at making unity, initiative and loyalty prevail among the personnel, (Tonwe and Imhabekhai, 2009).

**Coordination** – The decentralization of activities in organization call for coordination According to LeBreton and Henning (1961) “effective planning requires delegation, if for no other reason than that no one person can be cognizant, knowledgeable, and appreciative of all facets of an enterprise. Delegation to some
degree is necessary and inevitable. They maintained that effective planning requires decentralization because somewhere, sometime these diverse plans developed at various places in the organization must be fitted into a whole, as well as fit into the general plans of the enterprise. Therefore, effective coordination requires action from a central point (LeBreton and Hennning, 1961). Egomwan (1991) observes that there are two things coordination mechanism adopted in an organization must do in order to be effective. These are: (1) to set a clear definition of responsibilities for those participating, and (2) the giving of incentives to enable the participants perform constructively toward the achievement of the set objectives. Tonwe and Imhabekhai (2009) had asserted that Fayol in the treatment of coordination as a function of management said that managers has the responsibility to coordinate the activities of the organization by harmonizing all the integral subsystems and keeping a proper balance between material, social and functional parts by watching the effects of one function on the performance of the other and also by maintaining a balance between expenditure and resources, (Tonwe and Imhabekhai, 2009).

Controlling – Control means to be in charge of and manage same. In the words of Tonwe and Imhabekhai (2009) control “involves the checking the results against the plan, identifying the weaknesses and failures and taking the appropriate steps required to ensure that they do not reoccur”. Control must be effective and for that to happen “it must be done within a reasonable time and followed up by sanctions”. Fayol “used the term in a wider French sense of watch, monitor, check, audit and obtain feedback”

Management dynamics is applicable to both operations and projects, since changing goals systems occur in both. It is also applicable at levels, from a large organization down to individuals within it, and individuals in their private lives, (Leitch, 2002).

Advantages of Management Dynamics
Management dynamics have some advantages to it. Leitch (2002) had listed them to include the following:
Better Decisions: A more accurate view of the future (i.e. correctly reflecting all forms of uncertainty faced) should lead to better decisions than a distorted view. Ultimately, the true contribution of activities to long term success should be greater if we are always guiding action using the best, most informed view of what we need to achieve. This should be more effective than driving towards goals that are up to a year out of date.

Reduced Paralysis: If you feel you can’t begin a project without clear, agreed goals you can rely on then the chances are you can’t begin a project. The reality of life that some degree of muddle, politics, and turmoil is always there. That’s not to say that establishing what you can about the goals at the outset is not valuable; it is very valuable. Paralysis can also result from finding that events unfold differently from the plan and no contingencies have been considered. Dynamic Management reduces both these forms of paralysis, improving results and reducing stress.

Reduced Agency Problem: “Agency theory” is a body of theory about what happens when we (the Principal) pay someone else (our Agent) to do something for us. A common problem is where we can measure some of the results of the person’s work, but not the true contribution of what they are doing. For example, we might be able to measure a sales representative’s gross sales, but not the profit made on them, long term. This leads to dysfunctional behavior. For example, the sales representative may sign up business at too low a price, by telling lies that will later destroy the business. The Agent has to balance the reward from the incentive payment against the reward from long term success of the business. The usual assumption is that the basis of the reward is fixed but if, instead, it is likely to change, and to change so that it better reflects the true contribution of the Agent, the Agent’s desire to perform the dysfunctional behavior driven by the current incentive scheme is reduced.

The biggest cost of agency can be the consequences of incentivizing people to pursue out dated targets, such as when company directors are paid huge
bonuses for achieving targets long after the targets are known to have been a bad idea.

- **Less Wasted Management Time:** One reason for wasted management time is the difference between planned actions and actual behavior. As the difference between original plans and goals and actual requirements grows, as it normally does, the discrepancy between plans and behavior also grows. Managers spend more and more time trying to explain the difference between actual behaviours and outcomes and those of the original (outdated and increasingly irrelevant) plan. This is wasted time. Dynamic Management adjust more quickly to actual requirements as they emerge, thus reducing the discrepancy between plans and behaviours, and so reducing wasted management time.

**Conclusion**

Efforts have been made to highlight the values, importance of human capital to management, individuals and all others interested in the development of their workforce. The approaches as identified and applied in the study, found its root in business economics theory, which when effectively applied has the capacity to act as a change agent on employees for performance leading to organizational success. The study also reveals that management principles as embedded in management dynamics can not be ignored by organization that poised for serious business. The research results are mainly based on the definitions of human capital and the exposition of its approaches to the understanding of the nature, status and importance of human capital in all facets of life.
References


