Volume-3, Issue-11, November-2019: 56-70 P-ISSN: 2659-1561
International Journal of Recent Innovations in Academic Research E-ISSN: 2635-3040

Research Article

Human Capital Investment and Its Impact on Firm Non-Financial Performance in Rwanda: Evidences of Viva Product Ltd and Rwanda Form Ltd

Ms. Kubwimana Esperance, Ms. Uwamariya Irene and Dr. Butera Edison

Adventist University of Central Africa, P.O. Box 2461, Kigali, Rwanda
Email: eskub43@gmail.com, uwairene00@gmail.com, buteraedison@gmail.com

Received: Nov 14, 2019 **Accepted:** Nov 21, 2019 **Published:** Nov 25, 2019

Abstract: The study assessed the human capital investment and its impact on firm non-financial performance. Evidences are VIVA PRODUCT Ltd and RWANDA FORM Ltd. The study was inspired by the poor non-financial performance found in some Rwandan companies. The main objective of the study was to find if human the capital investment has a significant relationship on firm non-financial performance from selected manufacturing firms in Rwanda. The Study used SPSS to analyze data through descriptive and inferential statistics used in the analysis of correlation and it employed questionnaires in data collection. The sample in this study was 70 respondents include 37 employees of VIVA PRODUCT Ltd and 33 employees of RWANDA FORM Ltd. After the presentation, analysis, and interpretation of data collected through questionnaire, the researchers came up with the findings to verify the two-formulated hypothesis, stated the null hypotheses.

The results show a positive significant relationship between human capital investment and firm non-financial performance in both firms at r=0.973*** in Rwanda Foam Ltd and r= 0.986*** in VIVA Product Ltd. Human capital investment covers training, knowledge management, and skills development. Human capital investment is a tool for value creation and a form human capital risk management strategy for sustainable organizational performance. Inadequate training affects individual performance and that of the organization as well. It is important for employees to get relevant training in school and on job training should be relevant and specific to organizations objectives.

Employers should develop their employees by equipping them and giving them the opportunity to gain employability skills within or outside the organization. The study recommends provision relevant training linked to industry requirement, the study suggests Promotion of knowledge management through teamwork, social networks, and knowledge management systems; training on employability and transferability skills to enhance Skills Development. The enterprises to go beyond traditional apprenticeship, Soft skills assessment in job training, embrace technology and promote entrepreneurship. There is a need for promoting in-service training and further education related to career advancement. These training lead to optimization of human labor which ultimately translates to increased organization production performance.

Keywords: Human Capital Investment, Non-Financial Performance.

Introduction

In the current global market, firms need to work effectively in a rapidly changing and complex environment. To develop a competitive advantage, it is important that firms truly control on the workers as a competitive bat to optimize their workforce through comprehensive human capital development programs not only to achieve business goals but

most important is for a long-term survival and sustainability. To accomplish this undertaking, firms will need to invest resources to ensure that employees have the knowledge, skills, and competencies (Marimuthu, Arokiasamy, Ismail, 2009). This research focuses on the essentials of human capital investment on firm performance in selected manufacturing firms VIVA PRODUCT Ltd and RWANDA FORM Ltd.

Back in the early days of 2000, David Walker outlined the human capital problem as follows: 1) the federal workforce is aging--many with the most valuable skills and experience will retire in the next half decade 2) the federal government is not competitive in current job markets and will have increasing difficulty in attracting, hiring, and retaining talented new workers, 3) the downsizing of the 1990s has greatly slowed the infusion of new workers with new technological and other needed skills into the federal workforce and also decreased training investments by agencies (Hyde, 2002). Human capital is one of the most important factors that can contribute towards the economic growth of a country. Organizations have traditionally based their competitive strategies on other factors, such as product and process technology, protected market niches, access to financial resources and economies of scale. A firm's human capital is an important source of sustained competitive advantage. (Hitt, Bierman, Shimizu, Kochhar, 2001).

Klucka (2011) said that Organization goes with the help of individuals who contribute in their own way in its success and productivity. In Rwanda especial in Kigali Special Economic Zone Employees of different manufacturing firms spend maximum part of their day in offices and strive hard to achieve the goals and objectives of their organization. Employees of VIVA Product Ltd and RWANDA FORM Ltd ought to be motivated from time to time so that they develop a sense of attachment towards their organization and also deliver their best.

Human capital (HC) plays a crucial role in increasing the productivity and output of an organization. “Human capital is relatively young production factor. Armstrong (2006) defines human capital as all human abilities whether innate or acquired attributes, whose value could be augmented by appropriate development investments. It is observed that human capital consists of intangible that workers provide for their employers. Human capital can also be defined as knowledge, skills, aptitudes and other acquired traits contributing to production.

Statement of the Problem

Rapid technology is changing because many firms are not capable to handle, to assimilate, to compensate and to remain human capital in the shape according to individuals. This problem is because firms lack someone who can drive the firm up to the achievement of the organization. Hence, customers are afraid of approaching the firms when they know that Human capital is not efficient and able to do the work correctly (Cuganesan, 2006).

The problem in this research is the poor non-financial performance from Poor labor and work conditions, low skills of labor force and weak value chain and cluster development, non-adequate waste facilities and environmental controls from Rwandan manufacturing firms especial those located in Kigali Special Economic Zones permitting companies to not comply with international where RWANDA FORM Ltd and VIVA PRODUCT Ltd is included. (Source: Rwanda Special Economic Zone Policy, May, 2010).

Therefore, these are the need for the researcher to find out Human capital investment and its impact on non-financial performance with a comparative study between two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd.

Objectives of the Study

1) To assess the level of training and knowledge in the two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd as perceived by respondents.

2) To assess the level of skills development of the two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd as perceived by respondents.

3) To assess the level of effectiveness of the two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd as perceived by respondents.

4) To assess the level of employee retention of the two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd as perceived by respondents.

5) To assess the level of innovation and good reputation of the two selected manufacturing firms: RWANDA FORM Ltd and VIVA PRODUCT Ltd as perceived by respondents.

6) To determine if there is a significant relationship between Human Capital Investments and firm non-financial performance.

Null Hypothesis of the Study

H0: There is no significant relationship between human capital investment on the firm's non-financial performance of RWANDA FORM Ltd and VIVA PRODUCT Ltd.

Theoretical framework

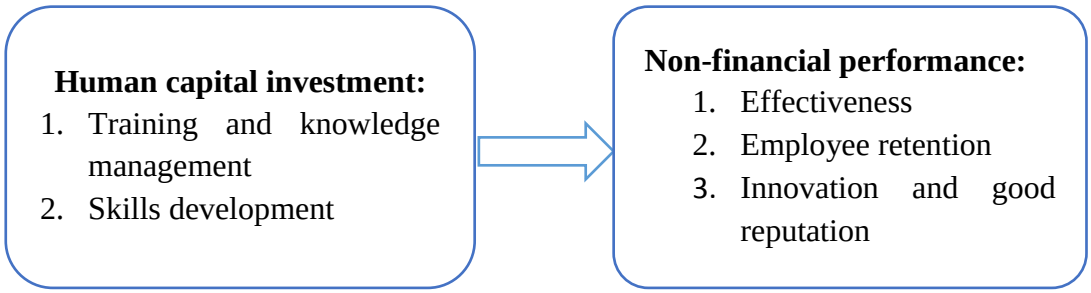
Chen and Lin (2005) defines investment in human capital as input made by a company in talents and technology that benefit competitive advantages, are valuables and unique and should be kept out of reach of other countries. In other world employees possessing these qualities are qualified as human capital. There are three main components of 'human capital 'early ability; qualifications and knowledge acquired through formal education; and skills, competencies, and expertise acquired through training on the job. The concept of human capital arose from a recognition that an individual's or a firm's decision to invest in human capital is similar to decisions about other types of investments undertaken by individuals or firms (Odhong *et al.,* 2014).

Firm performance is the ultimate interest for those concerned with just about any area of management: accounting is concerned with measuring performance; marketing with customer satisfaction and market share; operations management with productivity and cost of operations, organizational behavior with employee satisfaction and structural efficiency; and finance with capital market response to all the above.

Performance is so common in organizational research that it is rarely explicitly considered or justified; instead, it is treated as a seemingly unquestionable assumption (Devinney *et al.,* 2005).

Conceptual Framework

The conceptual framework shows determinants of human capital investment and determinants of firm non-financial performance. The determinants of human capital investment include training and knowledge management and skills development. Determinants of non-financial performance include effectiveness, employee retention, innovation and good reputation.



Source: Researcher's own compilation

Scope of the Study

The study was conducted by two selected manufacturing firms: VIVA PRODUCT Ltd and RWANDA FORM Ltd located in Kigali city, Gasabo District in Kigali special Economic Zone for the year 2017. The study assesses the human capital investment and its impact on firm non- financial performance.

The researcher used a stratified random sampling technique to divide the population into strata's and further use the random sampling technique in collecting the relevant data, for the study.

Limitation of the Study

This study was considered only the respondents from the two selected manufacturing firms (Rwanda Foam Ltd and VIVA PRODUCT Ltd) which cannot ensure whether the results obtained can be generalized for all manufacturing firms in Rwanda. Secondly, this study only considers some factors of Human capital investment where extra factors need to be emphasized as they have the relationship with only firm non-financial performance instead of using both financial and non-financial performance because firms refused to offer their financial statement.

The study provides a foundation to examine the relationship between HCI and non-firm performance in a limited focus.

Operational Definition of terms

Human Capital is a collection of resources all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively by individuals in a population (Armstrong 2014).

Human Capital investment: Human capital investments involve an initial cost of activity done to improve quality or productivity of workers which the individual or firm hopes to gain a return on in the future (Joshi *et al.*, 2015).

Knowledge management is the process that transforms individual knowledge into organizational knowledge (Hecht *et al.*, 2011).

Training is the process of teaching or learning a particular job or activity (Macmillan School Dictionary, 2011).

Firm performance is the way in which a company does things, especially how successful it is (Bull, 2008).

Materials and Methods

In order to accomplish the research efficiently, descriptive and correlational research designs were utilized. Researchers used Quantitative research design for collecting results in numerical and standardized data and analysis conducted through the use of statistics.

The research was conducted in VIVA PRODUCT Ltd and RWANDA FORM Ltd, located in Kigali City. Both are manufacturing industries where the study population was composed of the employees of two firms from the various departments. The population in VIVA PRODUCT Ltd were 85 employees and in RWANDA FORM Ltd were 79 employees. The total population was 164 employees from various departments.

The sample size was generated by applying the following formula.

$$n=\frac{N}{1+Ne^2}$$

Where: n = Sample Size; N = Number of Population; e = Significant Error Term (0.09)

The sample size out of the population of respondents from both institutions was computed as follows:

$$n=\frac{164}{1+164*0.09*0.09}$$ = 70 employees who are able to respond the questionnaire and know English.

Sampling Techniques

Stratified sampling technique was used in this research, to ensure that no subpopulation have been omitted from the sample, and avoids overloading in certain subpopulations. The researcher then used the proportional allocation in stratified random sampling to distribute the sample such way that the sampling fraction in the same for all strata by using the following formula.

$$\frac{n}{N} * \text{TSS}$$

Where n = Total sample size; TSS= Total of stratified sample; N=Total population size
Random sample is selected from each stratum.
The sampling fraction is n/N (Jurs, 2005).

Table 1. Respondents in working departments

Departments	No of employees		Stratified Sample	
	Rwanda Form Ltd	VIVA Product Ltd	Rwanda Form Ltd	VIVA Product Ltd
Management department	5	4	2	2
Purchasing department	4	5	2	2
Production department	15	17	6	7
Sales department	12	14	5	6
HR department	4	4	2	2
Finance department	6	4	3	2
Marketing department	22	28	9	12
Research and develop	3	4	1	2
Other	8	5	3	2
	79	**85**	**33**	**37**
Total	**164**		**70**	
Source: Primary data, 2017				

Research Instruments

The researchers used a self-structured questionnaire to collect the data from the respondents. The questionnaire used a five Likert scale. The five scales required respondents to indicate the selected option for a given statement from Strongly Disagree to Strongly Agree. To ensure the validity of the data, the questionnaire was validated by experts from Adventist University of Central Africa. The reliability test instrument of this study was done by using Cronbach's Alpha. The researcher used 10 respondents for one company as a pilot study, after this test, Cronbach's Alpha was found between 0.7 and 0.9 which indicated the high reliability of the questionnaire. The data was obtained through the questionnaires administered to the respondents were examined by using the Statistical Package of Social Sciences (SPSS) and the results obtained were presented in the form of tables. The data was analyzed using the frequencies, descriptive, and coefficient of variation, correlation tools in SPSS. In evaluating the mean the following intervals were considered: An item that had a mean between 1 and 1.99 was considered as a weak item. An item that had a mean between 2 and 2.99 was considered as tend to weak item. An item that had a mean between 3 and 3.99 was considered as tend to strong item and an item that had a mean between 4 and 5 was considered as strong item.

In evaluating the coefficient of variation (CV), an item that had a CV ≤0.20 was considered as respondents have homogeneity of perceptions around the mean. While an item that had CV > 0.20 was considered as respondents have heterogeneity of perceptions around the mean.

In evaluating correlation (r), where r = 1 shows perfect linear correlation. Where $0.9 < r < 1$ $this$ shows a positive strong correlation. Where $0.7 < r < 0.9$ this shows a positive high correlation. Where $0.5 < r < 0.7$ this shows a positive moderate correlation. Where $0 < r < 0.5$ this shows weak correlation. Where r = 0 shows that there is no relation.

Results

1. Human Capital Investment

Questions were put to the participants to circle what they thought were the factors that stalled Human Capital Investment. The factors included training, knowledge management, and skills development.

Tables 2 to 7 show the results collected from the respondents on the variables of Humana Capital Investment.

Table 2. Perception of respondent on training and knowledge management

Variables	Rwanda Foam Ltd			VIVA Product Ltd		
	Mean	CV	Comment	Mean	CV	Comment
The firm organize same training session to employees	3.75	0.24	TS He	3.81	0.21	TS He
Employees have access to training for higher positions	4.09	0.26	S He	3.97	0.29	TS He
Managers evaluate success in achievement of training goals	3.93	0.27	TS He	4.05	0.30	S He
Employees have access to training for current position	4.12	0.24	S He	4.05	0.28	S He
Gaining of knowledge enables employee to understand how their jobs affect customers	4.06	0.26	S He	4.05	0.30	S He

The firm management encourage employees to spread knowledge and cooperation between them	4.03	0.25	S He	4.13	0.26	S He
Application and sharing of knowledge increase the professional development of employees	1.96	0.58	W He	2.18	0.60	TW He
Managers coach and mentor employees	3.03	0.41	TS He	2.81	0.50	TW He
Overall mean for knowledge management	**3.62**			**3.63**		
Source: Primary data (2017)						

Note: categories of Means: 1.00-1.99= weak (W), 2.00-2.99= tend to weak (TW), 3.00-3.99= tend to strong (TS), 4.00-5.00= strong(S).

Note: coefficient of variation: ≤0.20= Homogeneity (Ho), > 0.20 =Heterogeneity (He)

Results in table 2 indicates the means and coefficient of variation measures of training and knowledge management. Most of the means were greater than 3. 00 in Rwanda foam Ltd and 2.81 in VIVA Ltd, apart from one that scored a mean of 1.96 in Rwanda Foam and 2.18 in VIVA and all coefficients of variation were greater than 0.20.

The respondents agree that gaining of knowledge enables employee to understand how their jobs affect customers, the firm management encourage employees to spread knowledge and cooperation between them, Managers coach and mentor employees but they disagree that application and sharing of knowledge increase the professional development of employees. Despite then agreeing and disagree as indicated in table 2, there is a disparity in the agreements and disagreements in their responses, as pertains to training and knowledge management. The overall means of training and knowledge management was 3.62 in Rwanda Foam LTD and 3.63 in VIVA Product LTD, which indicated that the response of VIVA Product Ltd and Rwanda Foam Ltd agree that there exists training in both firms at the same level.

Table 3. Perception of respondent on skill development

Variables	Rwanda Foam Ltd			VIVA Product Ltd		
	Mean	**CV**	**Comment**	**Mean**	**CV**	**Comment**
Employability skill enable employees to increase outcome	3.96	0.27	TS He	4.00	0.32	S He
Skills expansion creates employee job experience in a firm	4.03	0.28	S He	3.94	0.31	TS He
Easy access to technologies increase the employee's qualification	4.06	0.26	S He	4.08	0.24	S He
More professional positions are filled internally	2.06	0.52	TW He	2.00	0.54	TW He
Overall mean for skills development	**3.52**			**3.50**		
Source: Primary data (2017)						

Note: categories of Means: 1.00-1.99= weak (W), 2.00-2.99= tend to weak (TW), 3.00-3.99= tend to strong (TS), 4.00-5.00= strong(S).

Note: coefficient of variation: ≤0.20= Homogeneity (Ho), > 0.20 =Heterogeneity (He)

Results in table 3 indicates the means and coefficient of variation measures of skills development. Most of the means were greater than 3. 00 in Rwanda foam Ltd and in VIVA Product Ltd, apart from one that scored a mean of 2.06 in Rwanda Foam and 2.00 in VIVA Product and all coefficients of variation were greater than 0.20.

The respondents agree that Employability skill enables employees to increase outcome, Skills expansion creates employee job experience in a firm, Easy access to technologies increase the employee's qualification but they disagree that more professional positions are filled internally. Despite then agreeing and disagree as indicated in table 3, there is a disparity in the agreements and disagreements in their responses, as pertains to skills development.

The overall means in skills development was 3.52 in Rwanda Foam and 3.50 in VIVA Product Ltd, which indicates that the response of Rwanda Foam Ltd agree that there exists skills development in the firm than VIVA Product Ltd.

2. Firm's non-Financial Performance

Questions were put to the participants to circle what they thought were the factors that stalled non-financial firm performance. The factors included training, knowledge management, and skills development. Tables 4 to 6 show the results collected from the respondents on the variables financial firm performance.

Table 4. Perception of respondent on organizational retention

Variables	Rwanda Foam Ltd			VIVA Product Ltd		
	Mean	CV	Comment	Mean	CV	Comment
Reward and recognition from training encourage worker to stay in the firm	4.06	0.26	S He	4.13	0.26	S He
Firm have formal policy of hiring internal talented and competent candidates	4.12	0.26	S He	4.10	0.30	S He
Hiring professional employees enhances lower annual turnover rate	2.63	0.53	TW He	2.75	0.52	TW He
Employees' experience through input in hiring decisions enable them to have security	3.15	0.42	TS He	3.59	0.37	TS He
Overall mean for organizational retention	**3.49**			**3.64**		
Source: Primary data (2017)						

Note: categories of Means: 1.00-1.99= weak (W), 2.00-2.99= tend to weak (TW), 3.00-3.99= tend to strong (TS), 4.00-5.00= strong (S).

Note: coefficient of variation: ≤0.20= Homogeneity (Ho), > 0.20 =Heterogeneity (He)

Results in table 4 indicate the means and coefficient of variation measures of organizational retention. Most of the means were greater than 3. 00 in Rwanda foam Ltd and in VIVA Ltd, apart from one that scored a mean of 2.63 in Rwanda Foam and 2.75 in VIVA Product and all coefficients of variation were greater than 0.20.

The respondents agree that Reward and recognition from training encourage the worker to stay in the firm, Firm has formal policy of hiring internal talented and competent candidates, Employees' experience through input in hiring decisions enable them to have security but they disagree that Hiring professional employees enhances lower annual turnover rate. Despite then agreeing and disagree as indicated in table 4, there is a disparity in the agreements and disagreements in their responses, as pertains to organizational retention.

The overall means in skills development was 3.49 in Rwanda Foam and 3.64 in VIVA Product Ltd, which indicates that the response of VIVA Product Ltd agree that their Human capital investment affects firm retention than Rwanda Foam Ltd.

Table 5. Perception of respondent on reputation and innovation

Variables	Rwanda Foam Ltd			VIVA Product Ltd		
	Mean	CV	Comment	Mean	CV	Comment
Firm skill management enables workers to be creative	3.60	0.35	TS He	3.72	0.32	TS He
Employees are more satisfied at this firm than at others	3.51	0.38	TS He	3.70	0.35	TS He
Managers evaluated on success in achieving training goals	4.12	0.24	S He	4.13	0.25	S He
Employability skill enables employees to understand how their jobs affect customers and firm success	3.48	0.41	TS He	3.56	0.40	TS He
Overall mean on reputation and innovation	**3.67**			**3.77**		
Source: Primary data **(2017)**						

Note: categories of Means: 1.00-1.99= weak (W), 2.00-2.99= tend to weak (TW), 3.00-3.99= tend to strong (TS), 4.00-5.00= strong(S).

Note: coefficient of variation: ≤0.20= Homogeneity (Ho), > 0.20 =Heterogeneity (He)

Results in table 5 indicate the means and coefficient of variation measures of organizational reputation and innovation. All means were greater than 3. 00 in Rwanda foam Ltd and in VIVA Ltd, and all coefficients of variation were greater than 0.20. The respondents agree that Firm skill management enables workers to be creatives; Employees are more satisfied at this

firm than at others, Managers evaluated on success in achieving training goals, Employability skill enables employees to understand how their jobs affect customers and firm success.

Despite then agreeing and disagree as indicated in table 5, there is a disparity in the agreements and disagreements in their responses, as pertains to organizational reputation and innovation.

The overall means in reputation and innovation was 3.67 in Rwanda Foam and 3.77 in VIVA Product Ltd, which indicates that the response of VIVA Product Ltd agree that their Human capital investment affects firm 'reputation and innovation than Rwanda Foam Ltd.

Table 6. Perception of respondent on efficiency

Variables	Rwanda Foam Ltd			VIVA Product Ltd		
	Mean	CV	Comment	Mean	CV	Comment
Firm application sharing is flexible in work hours and arrangements	3.96	0.91	TS He	4.10	0.28	S He
Firm management skills encourage team work and cooperation	3.48	0.41	TS He	3.75	0.34	TS He
Amount of training, wages, and each employees acquired human capital stock are approximated by the individual's competence	3.24	0.48	TS He	3.56	0.37	TS He
Experience enables employees to give direct feedback to senior management	3.93	0.31	TS He	3.72	0.35	TS He
Overall mean on efficiency	**3.65**			**3.78**		
Source: Primary data (2017)						

Note: categories of Means: 1.00-1.99= weak (W), 2.00-2.99= tend to weak (TW), 3.00-3.99= tend to strong (TS), 4.00-5.00= strong(S).

Note: coefficient of variation: ≤0.20= Homogeneity (Ho), > 0.20 =Heterogeneity (He)

Results in table 6 indicate the means and coefficient of variation measures of organizational efficiency. All means were greater than 3. 00 in Rwanda foam Ltd and in VIVA Ltd, and all coefficients of variation were greater than 0.20.

The respondents agree that Firm application sharing is flexible in work hours and arrangements, Firm management skills encourage teamwork and cooperation, Amount of training, wages, and each employee acquired human capital stock are approximated by the individual's competence, and Experience enables employees to give direct feedback to senior management.

Despite then agreeing and disagree as indicated in table 6, there is a disparity in the agreements and disagreements in their responses, as pertains to organizational efficiency.

The overall means in reputation and innovation was 3.65 in Rwanda Foam and 3.78 in VIVA Product Ltd, which indicates that the response of VIVA Product Ltd agree that their Human capital investment affects firm 'efficiency than Rwanda Foam Ltd.

3. Test of Hypothesis

Table 7 presents the Pearson correlation coefficient between Independent variable HCI which is composed by (Training, knowledge management, and skills development) and Dependent variable employee Firm Performance which is composed by (organizational retention, reputation and innovation and efficiency).

Table 7. Pearson Correlation between Human Capital Investment and Firm's Non-Performance

		Rwanda Foam Ltd		VIVA Product Ltd	
		HCI	**FNFP**	**HCI**	**FNFP**
HCI	Pearson Correlation	1	.973**		
	Sig. (2-tailed)		.000		
	N	33	33		
FNFP	Pearson Correlation	.973**	1		
	Sig. (2-tailed)	.000			
	N	33	33		
HCI	Pearson Correlation			1	.986**
	Sig. (2-tailed)				.000
	N			37	37
FNFP	Pearson Correlation			.986**	1
	Sig. (2-tailed)			.000	
	N			37	37
**.Correlation is significant at the 0.01 level (2-tailed), Source: primary data (2017)					

Table 7 gives a Pearson correlation coefficient between the determinants of HCI and Firm performance, statistical evidence depicts that there is a significant relationship between HCI and Firm performance which is .973** in Rwanda Foam Ltd and .986** in VIVA Product Ltd.

The Pearson relationship between Human Capital Investment and Firm Performance indicate that this correlation is positively strong, and the p-value is 0.000, which is less than 0.01. The evaluation of researchers on Hypothesis indicates that the null hypotheses were rejected at a p-value of 0.000 and the alternatives hypotheses were accepted because the respondents agree that there is a significant relationship between Human Capital Investment and Firm Performance.

Summary, Conclusion and Recommendations

1. Summary of Findings

After the presentation, analysis, and interpretation of data collected through a questionnaire, the researchers came up with the findings to verify the two-formulated hypothesis, stated the null hypotheses.

Data collected were from 70 employees, 33 from Rwanda Foam and 37 from VIVA Product Ltd. Moreover, the null hypothesis was tested by considering mean of p-value, where the p-value was greater than 0.01 the hypothesis was accepted and the p-value which is less than 0.01 was rejected.

The perception of the respondents on Human Capital Investment indicates the overall mean of 3.58 and all coefficients of variation were greater than 0.20 in both manufacturing firms which indicate that the respondents agreed in a different way that there is Human capital in Rwanda foam and VIVA PRODUCT Ltd at the same level.

The perception of respondents on firm performance indicates the overall mean of 3.60 in Rwanda foam and 3.73 in VIVA Product Ltd and all coefficients of variation were greater than 0.20. There is a disparity in agreement of respondents.

2. Conclusion

The study results give empirical evidence that the relationship between human capital investment and organizational performance is statistically significant.

The study variables, training, knowledge management and skills developments have significant relationship with the Firm performance.

Human capital investment is a tool for value creation and a form human capital risk management strategy for sustainable organizational performance. Inadequate training affects individual performance and that of the organization as well.

3. Recommendations

The findings of this study have various important policy implications. The organizations human capital provides the only enduring source of wealth creation in this global knowledge and technological era, in order to achieve sustainable profitability both in the developing and developed countries. Identification of employees' talent should be encouraged and used.

It is important for employees to get relevant training in school and on job training should be relevant and specific to organizations objectives. Employers should develop their employees by equipping them and giving them the opportunity to gain employability skills within or outside the organization.

Most organizations do not conduct effective training need analysis to support them in the job training. Results showed the need to support and provide an opportunity for career development. Hence, relevant training has a direct positive effect on the performance of employees and their organizations. Organizations should conduct orientation or onboarding for new employees to enable them to get introduced to the organization's systems, culture, and work processes. Provide necessary tools for work.

Conduct skills audit in the organizations to establish skills lacking or required in order to deliver effectively. Skills Development has an influence on organizational performance.

The important are skills which are directly required for work should be developed through coaching. The skills such as Cognitive skills–that is demonstrated by an intellectual grasp of the subject matter of various academic subjects such as languages. Psychomotor skills for the tasks to be performed in an occupation, job or business and ability to apply the skills in

practice and Affective skills-skills relating to a person's attitude towards timeliness, accuracy and general commitment to quality and performance, and value of work, the concept of self and others. Technological change is a key driver for HR transformation.

The smart thing to do would be to invest in up skilling line managers with the ability to use the new HR technologies to take on their strategic HR roles and to outsource non value-adding HR Administration. This is attainable through HRM Strategies such as learning virtual and based personal appraisal at the job.

Conflicts of interest

The authors declare no conflicts of interest.

References

1. Armstrong, M. 2006. A handbook of Human Resource Management Practice, 10th edition, Amazon
2. Armstrong, M. 2009. Armstrong's Handbook of Performance Management. An evidence-based guide to delivering high performance. 4th Edition, London and Philadelphia, Kogan Page Publishers.
3. Armstrong, M. 2012. A Handbook of Human Resource Management Practice. 12th Edition, London, Kogan Page Publishers.
4. Armstrong, M. 2014. A Handbook of Human Resource Management Practice. 13th Edition, London, Kogan Page Publishers.
5. Bull, A.W. 2008. Oxford Student's Dictionary. New York: Oxford University Press.
6. Cabello-Medina Carmen, Lopez-Cabrales Alvaro and Valle-Cabrera Ramon, 2011. Leveraging the innovative performance of human capital through HRM and social capital in Spanish firms, The International Journal of Human Resource Management, 22(4): 1-10.
7. Chen and Lin, 2005. The role of human cost in accounting. Journal of intellectual capital, (5). Cincinnati; South Western college publishing
8. Cuganesan, S. 2006. Reporting Firm Performance In Managing Human Recourses; Intellectual Capital or Stakeholder Perspectives?, Journal of Human Resource costing and Accounting, 10(3): 164-188.
9. Devinney, T.M., Richard, P.J., Yip, G.S. and Johnson. G. 2008. Measuring Organizational Performance as a Dependent Variable; Toward Methodological Best Practice, available at SSRN; http;//ssrn.com/abstract=814295
10. Gomez, M. and Robert, D. 2007. Managing human resources. 5th Edition, New Jersey: John Wiley & Sons Inc.
11. Hanson, B. 2008. OECD Measures on Human Capital and Potential Use in Educational Accounts. Workshop on the Measurement of Human Capital.
12. Hitt, M.A., Bierman, L., Shimizu, K. and Kochhar, R. 2001. Direct and moderating effects of human capital on strategy and performance in professional service firms: a resource-based perspective, Academy of Management Journal, 44 (1): 13-28.

13. Joshi; Arun R. [editor]; Gaddis, Isis [editor]. 2015. Preparing the next generation in Tanzania: challenges and opportunities in education. Directions in development; human development. Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/2015/06/24619100/preparing-next- generation Tanzania- challenges-opportunities-education viewed on 30/7/2015.

14. Jurs, W.W. 2005. Reseach Methods in Education. library of congress ctatloging in publication data.

15. Kazi, G. 2011. The contributions of individual variables:job satisfaction and job turnover. Retrieved from http// Journal.archieves 8. webs.com/984-991pdf.

16. Klucka, J. 2011. Business, business risk and Crisis Management. EDIS–Publishing of University of Žilina, 2011, ISBN 978-80-554-0352-6.

17. Kothari, C.R. and Garg, G. 2014. Research Methodology, Methods and Techniques. 3rd Edition, New Age International Publishers.

18. Lynch, R.M. 2010. Simple size, the marginal error and coifficient of variation. Retrieved July 27, 2017, from http//interstat.statijournals.net.

19. Macmillan School Dictionary. 2011. Macmillan School Dictionary. London: Macmillan Publishers Ltd.

20. Marc, B.S. 2011. OrganizationaL Behavior. 4th Edition, Mc Graw Hill.

21. Marimuthu, M., Arokiasamy, L. and Ismail, M. 2009. Human Capital Development and its impact on Firm Performance: Evidence from Developmental Economics. The Journal of International Social Research, 2(8): 265-272.

22. Mugenda., O.M. and Mugenda, A.G. 2010. Research Methods. Nairobi, Kenya, Acts Press.

23. Odhong, A.E., Were, S. and Omolo, J. 2014. Effect of Human Capital Management Drivers on Organizational Performance in Kenya. A Case of Investment and Mortgages Bank Ltd. European Journal of Business Management, 2(1): 341-356.

24. Ogunade, A.O. 2011. Human Capital Investment in the Developing World: Analysis of Praxis, University of Rhode, Island.

25. Omolo, J. 2013. Employment Challenges in Kenya, African Journal of Economic Review, 1(1): 18-32.

26. Rastogi, P.N. 2002. Sustaining enterprise competitiveness –is human capital the answer. Human System Management. 19(3): 193-203.

27. Saunder, L. 2008. Reseach methodology for business student.

28. Seleim, A., Ashour, A. and Bontis, N. 2007. Human capital and organizational performance: a study of Egyptian software companies. Management Decision, 45(4): 789-801.

29. World Bank, 2014. Sri Lanka: Investment in Human Capital as retrieved from http://openknowledge.worldbank.org/handle/10986/20057.

Citation: Kubwimana Esperance, Uwamariya Irene and Butera Edison. 2019. Human Capital Investment and Its Impact on Firm Non-Financial Performance in Rwanda: Evidences of Viva Product Ltd and Rwanda Form Ltd. International Journal of Recent Innovations in Academic Research, 3(11): 56-70.