

**EXAMINING THE RELATIONSHIP BETWEEN EMPLOYEES/APPRENTICES
HUMAN CAPITAL ON THEIR PERFORMANCE IN SMALL SCALE BUSINESSES IN
THE SEKONDI-TAKORADI METROPOLIS, GHANA**

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ABSTRACT: *The study inquired about the association between employee's human capital on their performance in small scale businesses in the Sekondi-Takoradi metropolis. The specific objectives of the study were to determine the competencies of employees, examine the connection of these competencies on employees' performance and to determine the problems associated with the development of employees' competencies in small scale businesses in the Sekondi-Takoradi Metropolis. The study used descriptive survey involving one hundred and fifty-three (153) employees. Interview schedule and interview guide were the main instruments used for data collection. Results were analysed using descriptive statistics. Chi-square test was used to find out the associations between variables. The findings revealed that education and training are significantly associated with increased productivity and enhanced the effectiveness and efficiencies of employees. In addition the study showed that employees' knowledge and skills were significantly associated with all the performance dimensions (improved quality, increased productivity and enhanced efficiency and effectiveness). Finally, the study discovered that the key challenges inhibiting the development of employee competencies were inadequate funds for training programmes and lack of time for training activities. In view of the fact that employees face financial challenges in quest to have up-to-date training on their jobs, it is recommended that government through the Ministry of Trade and Industry, National Board for Small Scale Industries and Council for Technical and Vocational Education and Training (COTVET) should not relent their effort in supporting training programmes for the mechanics, hairdressers, bakers and dressmakers associations since their support would help lessen the financial burden incurred during training programmes.*

KEYWORDS: Competencies, Productivity, Performance, Motivation

INTRODUCTION

Small scale businesses are acknowledged globally as a means for empowering the citizenry. It has also been associated with the speedy economic growth of countries (European Union, 2009). The contributions of small and medium scale businesses have been known as the main sustenance of an economy because of their capacity in enhancing most economies output and improve human welfare. It can be well thought-out as a back bone of national economic development (Amini, 2004). Due to the considerable contributions of small scale businesses towards the development of an economy, various agencies, particularly that of government, have attached a lot of importance to the development of this sector. In order to support these businesses, a number of programmes

and facilities are provided to improve their performance and competitiveness (Radam, Abu, Bmimi, Abdullah, Mahir, 2008).

In Ghana, small scale business sectors are central contributors to the overall performance of the economy (Mensah, 2004). It is important to note that employees/apprentices are indispensable to the performance and progress of these businesses. They contribute their knowledge, skills, abilities and common sense to the steady progress of these businesses. They are also responsible for all the menial jobs in such businesses. Notwithstanding the decisive function employees/apprentices play in small businesses, they are as well, the producers and executors of products and services of small businesses. Sometimes they are caretakers in the absence of their owners (Ngugi, 2013). Albeit the vast contributions of employees to the growth of small scale businesses, their performance seems not encouraging, while some people have blamed the low performance of employees on lack of skills and training (Fluitman & Haan, 2002), others also attribute it to employee lack of creativity and motivation (Elin & Poblete, 2010). Although, there have been a number of studies on the effects of entrepreneur competencies on the performance and growth of small businesses (Owusu-Acheampong, 2014) none have probed into the competencies of employees/apprentices on their performance in small scale businesses. It is in view of this that the study sought to fill this gap in literature by assessing the human capital of employees and its relation to their performance in small scale businesses.

This study seeks to contribute to the existing body of knowledge in entrepreneurship research. The findings of the study would help policy makers to see the need to devise new strategies for training of both entrepreneurs and employees of small scale businesses. Similarly, the findings would enlighten entrepreneurs about the significance of employing well-qualified workforce to man their businesses for the most wanted output. It is also anticipated that the upshot of this research would go a long way in ensuring a turnaround in the small scale business sector. Additionally, the result would be helpful to future researchers in the area of human capital and its impact on small scale businesses. This is because this research would be a source of relevant literature for them. As such, empirical examination into this facet of small scale businesses would be useful to economic development planners, curriculum developers and small scale business specialist in which areas to direct their efforts to in order to help entrepreneurs nurture and sustain their small scale businesses.

REVIEW OF RELATED LITERATURE

Human capital has been defined as a key building block in improving an enterprise's assets and employees in order to boost production as well as sustain competitive advantage (Audretsch & Monsen, 2008). To maintain competitiveness in the organisation, human capital becomes the machinery used to boost productivity (Rastogi, 2002). According to Organisation for Economic Co-operation and Development [OECD] (2008), human capital is an imperative input for organisations particularly for employees' constant improvement essentially on knowledge, skills and abilities.

According to Wright, Dunford & Snell (2001) human capital relates to the human resources people bring to the businesses. Human capital is conceptualised as consisting of the education, training, knowledge, skills and experiences at a given point in time (Boxall & Purcell, 2003) that help in

the responsibilities of getting one's work done. Traditional human capital theory research focused on employees' human capital and its effect on earnings (Becker, 1975). Later the theory has been applied to small scale businesses as well, where human capital is usually conceptualized as a characteristic of enterprise owners, their employees and or apprentices (Ukenna, Ngozi, Anionwu & Olise, 2010).

It is primarily inherent that the mounting eminence on human capital in small businesses replicates the stance that market ideals depend less upon concrete resources and more on indefinable resources, predominantly the capability of the business owner and employees (Seymour, 2003). Rastogi, (2002) highlight that, well-developed human resources provide the base on which an edifice of human capital may be built. It is, therefore, important for small businesses to invest in a programme of human capital development for business success and growth (Youndt, Subramaniam & Scott, 2004). However, up to date evidence divulge that many small businesses have not paid sufficiently close attention to human capital development, leading to an under-utilisation of talent in the employees (Hsu, Lin, Lawler & Wu, 2007). It is therefore important for entrepreneurs to devote resources in programmes that endlessly develop employees' knowledge, skills and abilities for their venture extension and continuation (Youndt, Subramaniam & Scott, 2004).

METHODOLOGY

This research employed the descriptive survey design. The population for the study comprised all employees/apprentices of small scale businesses in the Sekondi-Takoradi Metropolis. The study population nevertheless, was registered employees/apprentices of the Dressmakers Associations, Garages Association, Bakers Association and the Beauticians Association in the metropolis. The total population of the four groups was 260. The study used the stratified random sampling technique. Each of the stratum to which the population was divided, obtained an equal chance of being sampled.

In all one hundred and fifty-three (153) employees comprising of six-three (63) mechanics, forty (40) hairdressers, twenty-nine (29) dressmakers and twenty-one (21) bakers were involved in the study. The sample size was based on Krejcie and Morgan's (1970) table for sample size determination. This was set at 5% margin of error. The study used interview schedule as the main tool for collecting data. The study adopted both the open-ended and closed-ended types of questions. In-depth interview was conducted with key informants (the leaders of the four associations). Descriptive statistics was the medium used for data analysis and Chi-square test was also used to find connections between variables.

RESULTS AND DISCUSSIONS

Competencies of employees

In terms of their educational attainments, data gathered revealed that all of employee/apprentices had had formal education with majority of them 106 (69.3%) acquiring basic education. Forty representing 26.1% of them had attained secondary, technical or vocational education, while 7 (4.6%) had obtained tertiary education. With reference to the mechanics, only 4 (4.7%) of them

had attained a tertiary level of education. However, 3 (4.5%) of the dressmakers had attained tertiary education and none of the employees/apprentices of the hairdressers and bakers had any form of tertiary education. It can be deduced from the results above that these employees/apprentices were to some extent educated, which could contribute significantly to the performances in of their respective businesses.

It can be seen from collected data that 147 (96.1%) of the employees respectively agreed to the statement that the training they have had enhanced their performance. However, (3.92%) of them disagreed. With majority of them seeing the importance of training and education to improve their performance, this support of Becker (1975), who sees training and education to improve workers performance by imparting valuable knowledge and skills. Becker (1975) further postulated that training and education are key elements in enhancing the skills and knowledge as well as the creativity of employees.

Majority of the employees/apprentices (92.4%) indicated that their motivation and drive were vital to their performance in their businesses. With only 7 (4.6%) who were uncertain, it can be deduced that a large proportion of the respondents appreciate the importance of their motivation and drive in their performances of their respective business operations.

The analysis revealed that majority of the respondents (93.5%) rather agreed that they have adequate knowledge and skills on the job, while the remaining 10 (6.5%) said otherwise. Among the mechanics, 45 (52.3%) and 35 (40.7%) of them respectively agreed and strongly agreed to the statement on the importance of knowledge and skills to their businesses. Similarly, hairdressers, bakers and dressmakers were generally in agreement of the relevance and influence of adequate knowledge and skills on their job performance.

Relationship between employee's competencies on their performance

Using the Chi-square test, the study investigated the statistical relationship of employee's competencies on the business performance dimensions namely: productivity, improving efficiency and effectiveness and quality of work.

Relationship between employees' knowledge and business performance dimensions

The analysis revealed that employees/apprentices knowledge and skills was significantly associated with all three performance dimensions. In terms of the improved quality, a p -value .000 was obtained; implying that employees/apprentices' knowledge and skills could determine the quality of work of the business. This shows how important this factor is to small businesses. Similarly, the knowledge and skills of employees/apprentices could significantly influence productivity since a Chi-square value of 31.024 with an associated p -value of .000 was obtained. In terms of efficiency and effectiveness, the results depicted that the knowledge and skill level of employees/apprentices was a determinate of improved efficiency and effectiveness in the metropolis since the Chi-square and p values were 15.464 and .004, respectively.

Relationship between employees training and improved productivity

From Table 1, it can be seen that training of employee/apprentices was significantly associated with improved efficiency and effectiveness. Also, the results revealed that training had a strong

relationship with productivity as well as improved efficiency and effectiveness, since their respective Chi-square and p-values were 20.086, .000 and 7.883, .019. The implication of these findings is that the higher the training and education of an apprentice/employee, the more productivity is increased. Secondly, employee/apprentice with higher training and education is more likely to be efficient and effective on the job. However, there was no relationship between training and improved in quality of work among the employees.

This finding is consistent with that of Rogerson (2001) who indicates that productive employees/apprentices are more likely have more training and education. The merit of this finding is based on the argument that employees/apprentices with greater level of training and education are more able to adapt to the ever changing business environment. Again, according to Kyndt, Dochy, Michielsens, & Moeyaert (2009) and Visser (2001), appropriate training given to employees contributes to the innovativeness, creativity and thereby, enhances their performance which is a key factor to small business performance. The study also believed that training and education are fundamentally important to building and enhancing the competencies of employees.

Table 1: Training and education on productivity

		Stress on productivity					
		unimportant		uncertain		important	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Training on productivity	disagree	0	0.0%	20	30.8%	45	69.2%
	agree	22	25.0%	15	17.0%	51	58.0%
Total		22	14.4%	35	22.9%	96	62.7%
		$\chi^2 = 20.086$		$df = 2$		$p = .000$	

Relationship between employee's motivation and drive and productivity

A glance at Table 2 revealed that motivation and drive of employees/apprentices were significantly associated with one of the three performance dimensions, namely, increased productivity. Specifically, the significant relationship between motivation and drive of employees/apprentices and the performance dimensions means that an employee with an adequate motivation is likely to have increased productivity than those with little or no motivation. Also, with a Chi-square value of 13.308 and a p-value of .001, motivation of employees/apprentices significantly associated increased productivity. This implies that the performance of small businesses would to a large extent depend on the motivation and drive of employees/apprentices. This is consistent with a finding of Lepak and Snell (2002) who found that employee competencies, particularly, employee motivation is critical resources for small firms' performance.

Table 2: Motivation and drive on productivity

		Stress on productivity					
		unimportant		uncertain		important	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Motivation and creativity on productivity	disagree	9	18.4%	19	38.8%	21	42.9%
	agree	13	12.5%	16	15.4%	75	72.1%
	Total	22	14.4%	35	22.9%	96	62.7%
		$\chi^2 = 13.308$		$df = 2$		$p = .001$	

Problems associated with the development of employees competencies

To the employees/apprentices, financial constraints and inadequate time for training were the challenges facing the development of their competencies in the metropolis. Actually, 117 (76.5%) of them agreed that financial challenge hindered the development of their competencies, while 36 (23.5%) also were in agreement that inadequate time prevented them from developing their competencies. According to the presidents of the associations in the metropolis, the main challenges associated with the development of employee/apprentices competencies were financial constraints, inadequate time and unwillingness on the part of the employees/apprentices to learn.

The presidents of the two associations agreed with other respondents that inadequate funds and inadequate time for training on the part of apprentices and sometimes on the part of business owners were the hindrance to the development of employees/apprentices competencies in the metropolis. This finding is consistent with that of Antwi et al. (2007) who found that 82.9% of their respondents did affirm that all was not well with regard to staff development. Mensah (2004) reported that the challenges facing most small-scale businesses today are largely because of financial constraints and inadequate training with Tim and Brinkerhoff (2008) arguing that small organisation principally, owners and employees required the most training. Therefore, training is an indispensable means for developing the competencies of employees.

The analysis revealed that all of employee/apprentices had had a formal education with majority of them acquiring basic education. It can be concluded that the employees/apprentices in the metropolis are educated, and this could influence their performance in their respective chosen professions.

Majority of employees/apprentices had adequate knowledge and skills on their jobs. It was also realized that employee's motivation and drive were vital to the performance of small and medium businesses. The findings showed that education and training significantly associated with increased productivity and enhanced effectiveness and efficiencies of employees as well as improved quality of work in small and medium enterprises.

In addition the study revealed that employees' knowledge and skills were significantly associated with the entire performance dimensions (improved quality, increased productivity and enhanced efficiency and effectiveness).

The study discovered also that key challenges restraining the development of employee competencies were inadequate funds for training programmes and lack of time for training activities as well as unwillingness on the part of the employees/trainees to learn.

CONCLUSION

In wrapping up, the improvement in employees/apprentices competencies are fundamental for increased productivity, improved quality of work and enhance efficiency and effectiveness of small scale businesses. Employee competency development activities such as skill training and motivation expand the understanding of employees/apprentices in small scale businesses. It is alleged that small firms should bring into being, plans to enhance the knowledge, skills and the expertise of their employees. These would lead to superior performance and boost the staff morale for higher commitment in the business.

RECOMMENDATIONS

Based on the findings the following are recommended;

In view of the fact that employees face financial challenges in quest to have up-to-date training on their jobs, it is recommended that government through the Ministry of Trade and Industry, National Board for Small Scale Industries and Council for Technical and Vocational Education and Training (COTVET) should not relent their effort in supporting training programmes for these artisans as their support would help lessen the financial burden incurred during training programmes.

For the reason that training, and employee motivation and drive were key factors in enhancing employee effectiveness, efficiencies and productivity, it is recommended that owners of small scale businesses must endeavour to continue to motivate, inspire and encourage their employees/apprentice to give up their optimum in order to enhance productivity and for improved performance.

Since the study found out that employees had fairly good education, knowledge and skills, it is recommended that prospective garage operators, hairdressers, bakers and dressmakers should consider constantly updating their skills and knowledge through both on-the-job training and off-the-job training in order to acquire the requisite competencies to manage their businesses to be able to meet current and future job demands.

In addition, the relevant associations in the garages, hairdressing, bakers and dressmaking sectors should rigidly keep to taking prospective apprentices and employees who have had at least basic education. This will help them to learn fast and quickly adjust to the demands of the job.

FUTURE RESEARCH

1. The extent of this study should be extended to cover other artisans in the small scale business sector.
2. A comparative study could be done to ascertain peculiar challenges hampering the development of employees' competencies in various small scale businesses.
3. Another study could also look into special competencies required for the job performance of the various small scale businesses.

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