THE IMPACT OF TRAINING ON PRODUCTIVITY OF SMALL AND MEDIUM-SIZED ENTERPRISES IN GHANA

By

LIPSEY SAMUEL APPIAH KWAPONG

B.A. (Hons) Publishing Studies

A Thesis submitted to the School of Business, Kwame Nkrumah University of Science and Technology in partial fulfillment of the requirements for the degree of

MASTER OF PHILOSOPHY IN BUSINESS ADMINISTRATION

(HUMAN RESOURCE MANAGEMENT OPTION)

KNUST School of Business,

College of Art and Social Sciences

AUGUST 2009

DECLARATION

I hereby declare that, except for reference to other people's works which are duly acknowledged, this research work was undertaken by me with the support of my supervisor, Rev. Dr. F.D.K. Fugar Dean of Architecture and Building Technology, KNUST that neither in whole nor in part, has this work been presented elsewhere for award of another degree.

LIPSEY SAMUEL APPIAH KWAPONG

PG8789305 12-10-09

(Student Name) Student ID (Signature) (Date)

CERTIFIED BY:

REV. DR. F.D.K. FUGAR 12-10-09

(Supervisor) (Signature) (Date)

CERTIFIED BY:

FELICITY ASEIDU- APPIAH (MRS) 12-10-09

(Head of Dept.) (Signature) (Date)

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

DEDICATION

This thesis is dedicated to my wife Betty Appiah Kwapong (Mrs.) and children Samuel Appiah Kwapong and Gisela Appiah Kwapong. Without their unconditional love, support and encouragement, I could not have come this far. They have been my source of inspiration.

Thank you and God bless you.

ACKNOWLEDGEMENT

To God be the glory for the great things He has done in my life. With heart full of praise, I thank the Almighty God who is my source of strength. It is my great pleasure to thank all those who have helped, encouraged and supported me in the course of this study. The first of such people are my principal supervisor Rev. Dr. F.D.K. Fugar and Mr. J.K. Turkson who was the second supervisor. I hereby express my deepest appreciation to them for their invaluable tuition, patience, constructive criticism and supervision. I wish to acknowledge with sincere gratitude, my indebtedness to all my respondents. I would like to make special mention to Rev. Dr. F.D.K. Fugar (Dean of Architecture and Building Technology, KNUST) who made time out of his busy schedule to guide me. Appreciation goes to Mr. Saeed Owusu Brobbey, Regional Coordinator of NBSSI and Mr. Kennedy Awuah Gyaw, Regional Director of Association of Ghana Industries Ashanti region respectively for their immense contribution and relevant information for the study. Finally I express my heartfelt appreciation to the Appiah Kwapong's family for the prayers, love encouragement and wonderful support. Once again I say thank you to all who have helped me directly and indirectly to make this study successful.

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

ABSTRACT

Small and Medium-Sized Enterprises (SMEs) are vital for economic growth and development because they encourage entrepreneurship, generate employment, and reduce poverty. The study investigated the impact of training on productivity of SMEs in Ghana using a canonical correlations methodology. Canonical correlation examines the relationship between linear combinations of set of X variables and linear combinations of set of Y variables. Questionnaires administered revealed that the impact of training on productivity variables was highly correlated. Respondents expressed satisfaction on on-the-job training and appealed to employers to intensify off-the-job training to complement the other. Furthermore, SMEs in Ghana contribute about 93% of small businesses employing 29 or fewer persons, so the SMEs sector is significant to the socio-economic development of every nation. For instance, it has been established that SMEs make up 99% of all businesses and employ more than 80% of the total workforce in United States (US) and these entities constitute the core of the country's industrial base. However, the study found out that training has positive correlation on productivity, hence, giving competitive advantage to firm which invest in training. Moreover, training of employees is widely acknowledged as a key for economic performance at micro and macro level of any organisation. The research revealed that training increases productivity, therefore the research recommended that employees should be trained regularly. The challenges of productivity of SMEs and the desire to find solutions motivated this research.

TABLE OF CONTENTS **PAGES**

Title page.....i
Declaration ii
Dedication.....iii
Acknowledgement iv
Abstract.....v
Table of Content.....vi
List of Tables.....ix
List of figures.....x
List of Abbreviations.....xi
List of Appendices.....xii

CHAPTER ONE: INTRODUCTION

1.0 Background to the study.....1
1.1 The role of SMEs.....4
1.1.1 The contribution of SMEs.....5
1.1.2 The challenges of SMEs.....6
1.2 Problem Statement.....7
1.3 Objectives of the study.....7
1.3.1 General objective.....7
1.3.2 Specific objectives.....8
1.4 Research questions.....8
1.5 Significance of the study.....8
1.6 Limitations of the study.....9
1.7 Scope of the study.....9
1.8 Organisation of the study.....10

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction.....12
2.1 Importance of SMEs.....16
2.2 Training.....17
2.2.1 Benefits of training.....20
2.3 Training in the Small firm.....25
2.4 Forms of training.....26
2.5 Dual System of Apprenticeship training.....28
2.6 Apprenticeship training in Ghana.....29
2.7 Two-site Apprenticeship training model in Ghana's 'Dual System'.....30
2.8 The role of training in SMEs performance.....33
2.9 Low training take-up by SMEs.....34
2.10 Productivity.....36
2.11 Current research on impact of training on productivity.....38
2.12 Conceptual framework.....42

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

CHAPTER THREE: PROFILE OF SMEs AND RESEARCH METHODOLOGY

3.0 Introduction.....44
3.1 Profile of SMEs in Ghana.....44
3.1.1 Staff.....45
3.1.2 Activities.....46
3.1.3 Historical and year of establishment.....46
3.2 Data source.....47
3.2.1 Primary data.....47
3.2.2 Secondary data.....48
3.2.3 Questionnaire Development.....48
3.2.3.1 Training.....48
3.2.3.2 Productivity Measurement Instrument.....48
3.2.4 Piloting the questionnaire.....49
3.3 Data collection.....49
3.4 Response Rate.....50
3.5 Population.....50
3.5 Sampling method.....51
3.6 Data analysis.....52
3.6.1Canonical method.....53

CHAPTER FOUR: RESEARCH FINDINGS, ANALYSIS AND DISCUSSIONS

4.0 Introduction.....55
4.1 Description of the demography 68
4.3 Exploratory data analysis of specific objectives about type of training practices.....56
4.4. Types of training practices (informal).....56
4.4.1 Types of training practices (formal).....56
4.4.2 Types of training practices (both).....57
4.5 Canonical correlation analysis.....59
4.5.1 Means and Standard Deviations of training variables.....59
4.5.2 Means and Standard Deviations of productivity variables.....60
4.6 Correlations among the training variables.....63
4.7 Correlations among the productivity variables.....64
4.8 Training course.....68
4.8.1 The total number of employees who have attended training course.....68
4.8.2 The level of performance before training 69
4.8.3 The level of performance after training.....69
4.8.4 The level of training received.....70
4.8.5 The benefit after training.....70
4.8.6 Types of benefit.....71
4.8.7 Training practices.....71
4.8.8 Forms of training practices.....72
4.9 Employees recommendations.....72
4.10 Discussions and Conclusion.....74

CHAPTER FIVE: RESEARCH SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction.....76
5.1 Summary.....76
5.2 Conclusion 77
5.3 Recommendations.....79
5.3.1 Direction for further research.....82
REFERENCES: 83
APPENDIX 1.....94
APPENDIX 11.....95

LIST OF TABLES **PAGE**

Table 3.1 Number of SMEs in Ghana.....51
Table 3.2 Fifty selected SMEs with their products and services.....51
Table 4.1 Types of training practices.....58
Table 4.2 Means and Standard Deviations of training and productivity variables.....60
Table 4.3 Means and Standard Deviations of productivity variables.....62
Table 4.4 Correlations among the training Variables 63
Table 4.5 Correlations among the productivity variables 64
Table 4.6 Correlations between the Training and the Productivity 65
Table 4.7 Results of various root statistics 66
Table 4.8 Canonical Correlation Analysis 66
Table 4.9a Standardized variances explained by the various canonical variables (Training).....67
Table 4.9b Standardized variances explained by the various canonical variables (Productivity).....68
Table 4.10 Number of employees who have attended training course 68
Table 4.11 Types of training.....69
Table 4.12 Employees performance level before training.....69
Table 4.13 Employees performance level after training.....70
Table 4.14 Employees level of training.....70
Table 4.15 Training benefit.....71
Table 4.16 Types of benefit.....71
Table 4.17 Training practices.....72
Table 4.18 Forms of training practices.....72

LIST OF FIGURES **PAGES**

Figure 2.12 Conceptual Framework.....42
Figure 4.1 Types of training practices.....58
Figure 4.3 Employees recommendations.....74

LIST OF ABBRRVIATIONS

SMEs	Small and Medium-Sized Enterprises
NBSSI	National Board for Small Scale Industries
AGI	Associations of Ghana Industries
ICT	Information and Communication Technology
GSS	Ghana Statistical Service
GEDC	Ghana Enterprise Development Commission
CIPD	Chartered Institute of Personnel and Development
HR	Human Resource
SHRM	Strategy Human Resource Management
ILO	International Labour Organisation
PSI-DL	President's Special Initiative on Distance Learning
KMA	Kumasi Metropolitan Area
PEOs	Professional Employers Organizations
SCA	Sustainable Competitive Advantage
TFP	Total Factor Productivity
SPSS	Statistical package for social scientist software
MOTI	Ministry of Trade and Industry
JICA	Japan International Cooperation Agency
GRATIS	Ghana Regional Appropriate Technology and Industrial Service
MSE	Micro and Small Enterprises
HRM	Human Resource Management

LIST OF APPENDICES **PAGE**

APPENDIX 1 Definition of Concepts..... .94
APPENDIX 11 Questionnaire to Employees in selected SMEs in KMA, Kumasi.... .95

CHAPTER ONE

INTRODUCTION

1.0 Background of the study

Small and Medium Sized Enterprises (SMEs) are vital for economic growth and development because they encourage entrepreneurship, generate employment, and reduce poverty (Kayanula and Quartey 2000).

Review of literature indicates that there is no single, uniformly acceptable, definition of a small firm (Storey 1994). Firms differ in their levels of capitalisation, sales and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result.

In addition, it was found that Small Scale enterprises have been variously defined, but the most commonly used criterion is the number of employees of the enterprise. In applying this definition, confusion often arises in respect of the arbitrariness and cut off points used by the various official sources. As contained in its Industrial Statistics, The Ghana Statistical Service (GSS, 2005) considers firms with less than 10 employees as Small Scale Enterprises and their counterparts with more than 10 employees as Medium and Large-Sized

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

Enterprises. Ironically, the GSS in its national accounts considered companies with up to 9 employees as Small and Medium Enterprises (2005).

In reviewing the literature, it was found that an alternate criterion used in defining small and medium enterprises is the value of fixed assets in the organisation. However, the National Board of Small Scale Industries (NBSSI) in Ghana applies both the fixed asset and number of employees' criteria. It defines a Small Scale Enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding thousand Ghana Cedis (GH¢1,000 or US$ 9,506 using 1994 exchange rate). The Ghana Enterprise Development Commission (GEDC) on the other hand uses a thousand Ghana Cedis (GH¢1,000) upper limit definition for plant and machinery. However, a point of caution is that the process of valuing fixed assets in itself poses a problem. Secondly, the continuous depreciation of the Ghanaian currency often makes such definitions out-dated.

Osei et al. (1993), in trying to arrive at a definition for Small Scale Enterprises in Ghana used an employment cut off point of 30 employees to indicate Small Scale Enterprises. They however dis-aggregated small scale enterprises into three categories:

1. Micro- employing less than 6 people;
2. Very small, those employing 6-9 people;
3. Small between 10 and 29 employees.

For the purposes of this research, Small and Medium-sized enterprises are defined as those enterprises that have employees of between 1-29 and 30-100 respectively.

Research indicates that despite the perceived importance of training to the improvement of SME performance, there is a general reluctance among SMEs to provide formal employee training (Kortey and Folker 2007). Employee training in SMEs is often described as informal, unplanned, reactive and short-term oriented (Hill and Stewart 2000). Training in SMEs is mostly on-the-job with little or no provision for employee development (Loan-Clarke et al. 1999; Storey 1994; Marlow and Patton 1993).

Furthermore, MacMahon and Murphy (1999) noted that SMEs rarely carry out formal training needs analysis and have no systematic approach to training. The research has identified a number of factors accounting for this preference for informal training among SMEs. The first factor asserts that owner-managers perceive formal training not only as very expensive and involving but also the cost of lost output while employees are off-the-job (Curran et al. 1997; Westhead and Storey 1996). The second factor is that small firms generally have a short time horizon because they face high levels of uncertainty. In contrast, benefits from training tend to be realized in long-term. What is more, trained employees leave to other SMEs. The third factor is that training of employees are more likely to be lost to other employers because of the relative lack of internal promotion opportunities in SMEs. The fourth factor says that

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

with a limited capacity to acquire information, small firms are usually less aware of both the training programmes available to them and their associated cost and benefits (Westhead and Storey 1996). Owner- managers argue that employee training results in highly skilled employees with different specialized areas on staff which helps to cope with the largely flexible nature of jobs in SMEs (MacMahon and Murphy 1999). Finally, the inability to establish a direct positive link between training and performance may demotivate owner-managers from investing in this area (Storey 1994).

1.1 The role of SMEs

The dynamic role of SMEs in developing economies has been highly emphasized. These enterprises have been identified as the means through which the rapid industrialization and other developmental goals of these countries can be realized. It is estimated that SMEs employ 22% of the adult population in developing countries (Gallagher and Robson 1995). The role of SMEs in developed and developing economies cannot be overemphasized. It is argued that any national development plan should seek to integrate the activities of both governmental and non-governmental organizations to promote SMEs as an important component of industrialization and employment creation. SMEs provide products and services to help the local industries and also for economic growth.

1.1.1 The contribution of SMEs

The fact that contribution of SMEs sector is significant to the socio-economic development of every nation cannot be oevremphasised. For instance, it has been established that SMEs make up 99% of all businesses and employ more than 80% of the total workforce in United States (US), and these entities constitute the core of the country's industrial base (Tambunan, 2006). According to Thornburg (1993), SMEs in countries such as Germany, France and Canada constitute an important engine of economic growth and technological progress. In Ghana, about 93% of Ghanaian businesses are small enterprises employing 29 or fewer persons (MOTI/PSD/PSI)/JICA, 2006). SME sector contributes to the development of an economy in several ways. Some of these continue to be a training ground for indigenous entrepreneurs, employing more people for smaller amounts of capital than large industries, contributing to decentralization of industry, using local resources and thus conserving foreign exchange and others.

Research has shown that small enterprises are a characteristic feature of the production landscape of Ghana. They provide employment and incomes to a large portion of the urban labour force and are a significant source of total output. Steel and Webster (1991) have noted that the small-enterprise sector provides about 85% of manufacturing employment, the majority which is in microenterprises. The potential for the future development of small enterprises

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

may be seen both in terms of the development of the sector itself, as well as in its contribution to national growth and development.

1.1.2 The challenges of SMEs

In addition to the role and contributions are some major challenges facing SMEs. These include fiscal and monetary policies that tend to impose high taxes on SMEs, non-protection of small firms and non recognition of the fact that the path of development of SMEs differ from large scale industries. Marketing problems confronting SMEs are numerous, but here are few of them. Stiff competition from both local and foreign sources, high cost of transportation, inadequate credit facilities for raw materials, unstable demand for goods/services and inability to meet high demands, design and packaging problems and others. They also face technological problems such as high cost of maintenance and repairs of machines, high utility costs/bills, obsolete/outmoded machines, limited technical knowledge (ICT) and lack of experts to operate and service specialised machines and so on.

Furthermore, SMEs' one major challenge is financial, such as inadequate working capital, difficulty in accessing bank loans, short period for loan repayment, high rates of charges by banks and others. They also encounter management issues such as inadequate information for decision making, quality control problems, limited education and training in management, labour management and inadequate knowledge in accounting and record keeping.

Finally, they are challenged by infrastructural issues such as difficulty in accessing electricity locally, unavailability of permanent workforce, land acquisition difficulties, bad roads and inadequate storage facilities.

1.2 Problem Statement

Besides the plethora of challenges facing small and medium-sized enterprises are high turnover rate of employees and low output or productivity. The effects of the above problems on SMEs include increased production cost, decreased quality of products, which in turn results in lack of patronage of products and increased cost of recruitment. Furthermore, there is lack of opportunities for training of employees in some SMEs resulting in lack of necessary skills required for high performance. Training of employees is widely acknowledged as a key for economic performance at micro and macro level of any organisation. The challenges of productivity of SMEs and the desire to find solutions motivated this research.

1.3.0 Objectives of the study

The objectives of the study are divided into general and specific.

1.3.1 *General objective:*

The general objective of the study is to determine the impact of training on productivity of Small and Medium-sized Enterprises (SMEs) in Ghana.

1.3.2 *Specific objectives are to:*

1. examine the training practices in SMEs in Ghana.
2. determine the types of training practices of in SMEs in Ghana.
3. investigate the impact of training on productivity of SMEs in Ghana.
4. make recommendations on how to improve the training needs of SMEs in Ghana.

1.4 Research questions

The following research questions guided the study.

1. Do SMEs have any training programme?
2. What types of training programmes are used?
3. To what extent does training in SMEs impact on productivity?

1.5 Significance of the study

The result of this research will further explain the relationship between training and productivity. Employers will see the need to train their employees. This will help the SMEs to identify the better system of employee training in Ghana. The result will help the SMEs to realize the importance of dual system of training of employees (formal and informal). Above all, the study provides a critical and analytical perspective for understanding the problems and challenges under-pining training in Small and Medium-sized Enterprises (SMEs) in Ghana.

The study will also serve as a useful research and reference document for SMEs, National Business for Small Scale Industries (NBSSI), EMPRETEC, AGI and the Nation as a whole. Hence, recommendations provided will complement government's effort to help transform the SMEs sector in Ghana.

1.6 Limitations of the study

The research focused on small scale and medium-sized enterprises in Kumasi Metropolitan Area in Ashanti region, Kumasi. Furthermore, it was also focused on the impact of training on productivity of small and medium-sized enterprises in Ghana.

1.7 Scope of the study

There were many SMEs in Ghana. The research was not able to capture all of them. In view of this, the research was targeted the Kumasi Metropolitan Area, Ashanti region which is one of the major cities in Ghana. About 6,347 representing 23% of the SMEs were in Ashanti region. Since they were many, the research concentrated on those registered with National Board for Small Scale Industries (NBSSI) and Ghana Statistical Service Department. The population of Small and Medium-sized Enterprises (SMEs) in Ghana from Statistical Department as at 2007, was 27,158. Out of this, Ashanti Region had 6,347 which represent 23% of the national population. The thesis was not able to cover all the districts in Ashanti Region because the number of SMEs was large.

In view of this, the research was limited to Kumasi Metropolitan Area and further concentrated on SMEs which had employees from (1-100). Furthermore, the 3,311 SMEs for KMA were also huge that the researcher used proportional sampling to select the sample size. The research focused on human resource development, precisely the impact of training on productivity. The thesis investigated whether there was a dual system of training and development of employees in the small and medium–sized enterprises (SMEs) in Ghana and its impact on productivity.

1.8 Organisation of the study

This study is organised under five Chapters. Chapter one is made up of the introduction. This covers Background of the study, Statement of the problem, Objectives of the study, Significance of the study, Research questions, Limitations or scope of the study, Scope of the study and Organisation of the study. Chapter Two deals with the literature review. This section made use of documented materials that is published materials from journals articles, statistical department, NBSSI, textbooks and other research works were also consulted. Chapter Three deals with profile of the SMEs and research methodology that is the population, sample method, data collection and data analysis Chapter Four provides the research findings, analysis and discussion of results. It is here that both quantitative and qualitative analysis of all the information obtained is done. Chapter Five embodies research summary, and

conclusion and recommendations. It also contains suggestions for further research on the topic.

conclusion and recommendations. It also contains suggestions for further research on the topic.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a review of the existing literature on the impact of training on productivity of Small and Medium-sized Enterprises (SMEs). Specifically, the chapter reviews the models of SMEs theories related to employees' training. Though the current secondary literature is vast, the bulk of the studies examine broad cases of training on productivity in Small and Medium-sized Enterprises.

Since the concept of human resource management (HRM) became popular in the 1980s there have been numerous studies which have tried to measure developments towards its prescriptions. Most of this research has been conducted in countries with few institutional constraints, such as the United Kingdom (UK) and the United States of America (USA). Relatively little is known about the use of HRM practices in countries with strong statutory regulations (Muller, 1999).

Although HRM models originally were virtually disconnected from strategic thinking, the increasing importance of intangible resources has highlighted firms' workforce and social issues as a central element of strategy (Sanchez et al., 2003; Boxall and Purcell, 2003; Budhwar, 2000). Globalisation has added new questions to the HRM debate. As the literature at the beginning of the

1990s pointed out, the increasing international activity of firms and the new organisational forms that appeared because it made it necessary to reconsider the influence of environmental variables (Brewster, 1993; Schuler et al., 1993; Sundaram and Black, 1992).

In recent years there has been a noticeable popularity in the use of the term 'human resource management' (HRM) to replace the term 'personnel management'. The fact is that the personnel management or HRM debate is now a well-trodden path and much has been written about the subject.

HRM is often defined in very general and broad terms. According to Fisher et al. (2003) 'Human resource management (HRM) involves all management decisions and practices that directly affect or influence the people, or human resource, who work for the organization.'

However, the Chartered Institute of Personnel and Development (CIPD,2005) which is a UK professional body responsible for all those concerned with the management and development of people, defines HRM as 'the design, implementation and maintenance of strategies to manage people for optimum business performance including the development of polices and processes to support these strategies' (Mullins, 2005). Interestingly, research indicates that apart from a change in title, a more detailed definition written by Torrington et al. in (1995) remains unchanged today. 'Personnel management is a series of

activities, which enable working people and the organization, which uses their skills to agree about the objectives and nature of their working relationship' (Mullins, 2005).

Furthermore, research has shown the importance of HRM to the effect that whatever the choice of terminology or decisions of an organization, effective HRM and the successful implementation of personnel activities are essential ingredients for improved organizational performance. For example, Lynch (2003) refers to the importance of people as a vital resource for sustainable competitive advantage. Human resource (HR) polices and practices have an important role to play in facilitating the effective implementation of management processes, such as, total quality management.

Recruitment and selection is one of the HRM functional roles. It is expected that as firms grow, the skills and abilities required to perform various functions and activities no longer would be available from the familiar and informal recruitment sources preferred by the owner-managers. Thus, a greater variety of formal recruitment sources would be used to attract suitable candidates. Hornsby and Kuratko (1990) reported extensive use of newspaper advertisements, government and private employment agencies, employee referrals, and unsolicited applications among small firm recruitment practices. Their findings are consistent with Barber et al. (1999), who established increased use of formal hiring procedures as firms grow. In contrast, Marlow

and Patton (1993) and Carroll et al. (1999) found that recruitment in UK small firms is mainly through informal channels and networks based on previous knowledge of the individual by the owner, management, or trusted employees. Carroll et al. (1999) cited Atkinson and Meager (1994), who determined that for very small firms, knowing the individual is virtually a precondition for recruitment and that informal methods of recruitment remain predominant as firms grow. Marlow and Patton (1993) explained that SMEs prefer informal recruitment sources because they are cheaper. As firms grow, multiple selection techniques would be used, in addition to interviews, to reduce errors in selecting employees recruited from sources unfamiliar to the owner-managers. Golhar and Deshpande (1997) demonstrated that one-to-one interviews are the most popular selection techniques in both small and large firms, with large firms also likely to use written tests and panel interviews in the selection process. Hornsby and Kuratko (1990) reported increasing prominence of application forms and reference checks in the selection process as firms increased in size. Barber et al. (1999) determined that larger SMEs tend to rely on objective qualifications and tend to use a greater number of selection procedures in making hiring decisions. Rowden (2002) found that technical skills and positive work ethics received high priority in the selection processes of several of the successful small manufacturing and processing firms in his sample.

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

Review of literature indicates that researchers report that interviews in SMEs, specially the one-to-one give more emphasize on "fitting in," this process pays little attention to paper qualifications or previous work record of the employee (Bird 1989; Carroll et al. 1999; Heneman, Tansky, and Camp 2000). Consequently, "good" potential employees are not selected because they may be perceived as a threat to the valued independence of the owner-manager (Standworth and Curran 1989). While fitting in would continue to be emphasized as a selection criterion as firms grow, attention also will be given to skills and abilities of candidates. The adoption of formal employment procedures at the managerial level will lag behind that at the operational level for small firms, as owner-managers prefer to employ the few managers required from family and friends. This difference is expected to diminish with further growth, as these familiar sources no longer are able to cater to the specialist skills required.

The range and scope of HRM activities are very wide, in view of that the research is focused on the impact of training on productivity in SMEs with particular reference to training and development of employees.

2.1 Importance of SMEs

Small and Medium-Sized Enterprises (SMEs) are a key source of new products, processes and services. In addition to their economic dynamism and flexibility, they are central contributors to employment and job creation. Research has shown that in times of recession larger firms shed jobs whilst a minority of

high-growth, small firms create them. Small firms are more likely than large ones to take on young people and people without qualifications. However, the evidence is that these jobs are consistently worse paid than in larger companies and may involve unattractive working conditions. Employees in SMEs may have limited opportunities for professional development and promotion. It is hardly surprising, then, that owner-managers find recruiting and retaining key staff to be one of the consistent constraints on growth. These factors make the training and employment in SMEs a crucial public policy area. It is not just employees in Small and Medium-Sized Enterprises (SMEs) who miss out on training: owner-managers do, too. The owner-managers are those who own the business and managing at the same time.

2.2 Training

This is one major area of the HRM function of particular relevance to the effective management and use of people. Few people would argue against the importance of training as a major influence on the success of an organization. In order to sustain economic and effective performance it is important to optimize the contribution of employees to the aims and goals of the organization. However, the importance of training as a central role of management has long been recognized by leading writers. Training is necessary to ensure an adequate supply of staff who are technically and socially competent, and capable of career advancement into specialist departments or management positions.

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

However, training has many possible benefits for both individuals and the organization (Mullins, 2005)

1. increase the confidence, motivation and commitment of staff;
2. provide recognition, enhanced responsibility and the possibility of increased pay and promotion;
3. give a feeling of personal satisfaction and achievement and broaden opportunities for career progression;
4. help to improve the availability, quality and skills of staff.

Moreover, the purpose of training is to improve knowledge and skills and to change attitudes. Training is one of the most important potential motivators. Training is therefore a key element of improved organizational performance. It also increases the level of individual and organizational competence. Then again training helps to reconcile the gap between what should happen and what is happening, between desired targets or standards and actual levels of work performance. Although, the potential benefits of training may obviously appear, it does not necessarily follow that training, alone, would lead to improve performance. Chandler and McEvory (2000) argued that firms that invest in employee training engage in formal performance appraisal, and link these to incentive compensation likely to have lower employee turnover, higher productivity, and enhanced financial performance in the organisation. Further, Ibrahim and Ellis (2003) suggested that training would enhance the survival rate of small firms and Reid and Harris (2000) noted that the most successful SMEs provide more employees training than average. It is argued that

management training greatly improves SME survival and performance (English 2001; Lattimore et al. 1998).

Research shows that the existing literature tends to focus on management training (Heneman et al. 2000) to the exclusion of other forms of employee training. Few researchers have investigated those determinants of training in SMEs (Reid and Harris 2002; Loan-Clarke et al. 1999) and in all cases; the dependent variable, that is training was measured by a single variable, the training budget. This is because informal training is often not accounted for in the firm's books, the literature tends to be biased toward formal training. In addition to these gaps, there is a paucity of research on family businesses (Sharma 2004; Hoy 2003), particularly on issues pertaining to HRM (Matlay 2002). If indeed training does enhance performance of SMEs, then the findings should be useful for formulating policies and designing programs in this area. The current belief is that effective training is necessary but not sufficient in improving performance (Berman et al., 2001, ECA, 1989, Grindle, 1997., Kiggundu, 1989., Stephen, 2004). This line of argument leads us to emphasise that no discussion of the effectiveness of training would be complete without considering the role of human resource utilisation. Utilisation of training human resource is, therefore, an important part and parcel of maximising the performance of the training workforce. Marais and Israelstam (1997) indicate that rapidly changing circumstances require ongoing training at all levels of the organisation. Private and public organisations as well as SMEs should receive

regular training. Kroon and Moolman (1992) have noted that training can help owner-managers learn how to approach certain problems, and in this way save time and money and to become aware of certain rules and procedures that could help them do the work with fewer difficulties. Training for SME owner-managers should be understood to be like a three-legged pot, which would not stand with any leg missing.

2.2.1 Benefits of training

There have also been a few papers exploring whether multinational companies provide higher levels of training than domestic firms. While this argument seems to be at least implicitly accepted in the theoretical literature on FDI spillovers (Fosfuri et al., 2001; Glass and Saggi, 2002) there is only limited empirical evidence to substantiate that view. Gershenberg (1987), for example, finds only weak evidence from a survey of Kenyan managers that foreign multinationals provide significant amounts of training. One might expect this to be different in the developed world however, and Sousa (2001) in an econometric analysis of workplace data from the British Workplace Employers' Relations Survey for 1998 finds that foreign firms are indeed more likely to provide training and to provide higher levels of training than domestic firms.

Research has found that training has many benefits. For most individuals, training increased confidence and self-efficacy, it improved competencies and skills and people recognised that they had been invested training. Yet some

employees found it difficult to translate these cognitive insights into behavioural changes: During a training course, everything makes sense. After training, employees go back to the office and realise that it is difficult to apply what they learned to the real job. This problem is almost everywhere in an organisation. Most employees initially find it difficult, but with time they overcome the problem. There had been also a concern about the extent to which employees were sufficiently, motivated, confident or able to apply what they learnt back on the job. Training is not always transferable to the job, mainly due to two problems. Employees do not make enough efforts to change the way they do things; they are not prepared to adopt change. And, sometimes, trainers are detached from the workplace, are not aware of how things work, so the training is not designed to be applied. Furthermore, training programmes, including orientation training, basic skills training, team training and diversity training could be used for new and existing employees in an organisation (Bohlander and Snell, 2004). Research indicates that to get new employees off to a good start, organisations generally offer a formal orientation programme. Orientation is the formal process of familiarizing new employees with the organization, their jobs, and their work units. One survey conducted by Robert Half International, indicates that most executives about 82 percent believe that formal orientation programmes are effective in helping to retain and motivate employees. These and other reported benefits include the following:

1. Lower turnover: it is the low rate at which employees leave an organisation. It could be that they do not leave at all.

2. Increased productivity: it is when the organisation's rate of productivity is always high than the normal production. It could be that productivity is in excess.

3. Improved employee morale: employee morale could be improved by motivation, good equipment, training and other benefits.

4. Lower recruiting and training costs: since employees have received enough training and their morale also have been improved, the turnover rate is low because of that recruiting new employees and giving them training is completely low.

5. Facilitation of learning: orientation helps employee to learn easily on-the-job.

6. Reduction of the new employee's anxiety: the orientation would help the employee to know what the future holds for him. It also exposes the nature of the work to the employee.

However, the supervisor has the most important role in the orientation programme. That is new employees are interested primarily in what the supervisor says and does and what their new co-workers are like. The organisation would benefit more if this orientation programme is organized well. The benefits listed above are showing in every organisation all over the world. Employees are supposed to have basic skills training whether new or old. According to the National Adult Literacy Survey, some ninety million adults in the United States (about 40 percent of the adult population) are

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

functionally illiterate. The research shows that Experts define an illiterate individual as one having a sixth-grade education or less. Currently, over 65 percent of the workforce cannot read at the ninth-grade level. Further, the U.S. Department of education reports that illiteracy will grow in the workforce because each year 1 million teenagers leave school without elementary skills and another 1.3 million non-English-speaking people arrive in the United States. There are estimates indicating that employees' lack of basic skills results in a $60 billion loss in productivity for American companies each year (Bohlander and Snell 2004). Basic skills have become essential occupational qualifications, having profound implications for product quality, customer service, internal efficiency, and workplace and environmental safety. A list of typical basic skills includes the following:

1. Reading
2. Writing
3. Computer
4. Speaking
5. Learning
6. Problem solving
7. Managing oneself
8. Knowing how to team
9. Working as part of a team
10. Leading others

While there are different possible approaches to ensuring that employees have basic skills, the establishment of in-house basic skills programmes has come increasingly into favour. Looking at the list of the basic skills above every employee must have such skills in order to help increase productivity, customer service, product quality and others in the organization (Bohlander and Snell, 2004).

Furthermore, organisations rely on teams to attain strategic and operational goals. Research indicates that training represents a formal process of providing or obtaining feedback. Good training will provide important skills that teams require being entrepreneurial, which in turn may increase the team's collective efficacy. For example, training in self-management increased self-efficacy (Frayne & Latham, 1987). Training that incorporates techniques to increase self-efficacy has been found to lead to increased performance (Earley, 1994; Eden & Aviram, 1993; Gist, 1987; Gist, Stevens, & Bavetta, 1991; Waung, 1995). They propose that these findings about the relationship between training and self-efficacy are generalizable to training a team to enhance its collective efficacy toward entrepreneurial behaviors. It is important to note that as collective efficacy is task specific, so should the training, that is, training in tools that assist in developing collective efficacy for entrepreneurial behaviours.

KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

Another aspect of training is diversity training. Literature indicates that more than 50 percent of all United States organisations sponsor some sort of diversity training. There are basically two types of diversity training. These are awareness building, which helps employees appreciate the benefits of diversity, and skill building, which provides the KSAs necessary for working with people who are different. For example, a skill-building diversity programme might teach managers how to conduct performance appraisals with people from different cultures or teach male supervisors how to coach female employees toward better career opportunities. All of the diverse dimensions including race, gender, age, disabilities, lifestyle, culture, education, ideas, and backgrounds should be in the design of a diversity training programme. Organisations that have been successful with diversity training realize that it is a long-term process that requires the highest level of skill. Ineffective training in this area can be damaging and can create more problems than it solves.

2.3 Training in the small firm

The majority of learning models for management education and training are based on large numbers of people and how they interact with each other, and this may not be relevant to a small business (Deakins and Freel, 1998). The small-business owner-manager has to operate in a highly complex environment with a small number of staff. Several learning models are based on large numbers of people: for example, team building and communication, which are

already highly developed in a small business where the employees work closely together in a small team and communication is usually excellent.

2.4 Forms of training

Training in the small firm can take many different forms. However, training can be divided into in-house and external training and can be full-time or part-time. In a small company, in-house training is more likely to be on an ad hoc basis. Curran et al. (1996) found that training can be divided into four main types: formal off-the-job training, formal on-the-job training, informal on-the-job training and informal off-the-job training, and that training can be further divided into initial or induction training and continuing training. The other dimensions of training include duration, intensity and scope. In small firms, the approach is usually to employ someone with the relevant skills already, to save costs, and there is also the preconception that training is for new employees and young people rather than a continuous process of learning.

Kitson and Wilkinson (1998) found that older firms were more likely to provide training than recently established ones and that manufacturing firms were more likely to provide training than were service firms. This study also found a positive link between training and innovation and growth, as training was provided by 60% of innovating firms but only 41% of non-innovators, and 72% and 68% of medium- and fast-growing firms, respectively, compared with 46% of stagnant and declining firms. Goss and Jones (1992) found that training

in the small firm depended on the organizational structure of the firm. If the owner-managers are the only managers, training is likely to have a low priority and will only be undertaken when necessary, and it is only when there is more than one layer of management that formal systems including training are likely to be implemented. Penn et al. (1998) found that small firms tend not to have formal planning systems, which makes it difficult to analyse their needs. The lack of formal systems in a small firm may have an adverse effect on training, and any provision designed for the small firm needs to take into account this informal, ad hoc approach.

There is some validity in the argument the authorities have said above about the divisions of training, which is in-house and external, and could be full-time or part-time, but disagree with people who have preconception that training is for new employees and young people rather than a continuous process of learning. Curran et al. (1997) argue that the amount of informal training conducted by small and medium-sized enterprises (SMEs) is under-emphasized but hard to quantify. The fact that few small firms carry out any formal management training is due to a number of reasons, including the lack of qualified senior management (Smith et al. (1999). This leads to a lack of training culture within the firm, in that survival is the first priority for the small firm and crisis-management is (Watkins 1983) rather than a considered approach using the latest management techniques. The research identified other factors which may affect the lack of management training within small firms include the fact that

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

most small-firm owner-managers are more concerned with maintaining their lifestyle rather than growing the businesses (Banfield et al., 1996).

2.5 Dual system of apprenticeship training

The dual system of apprenticeship training involves training that is carried out in two places of learning, which is at the workplace and in a vocational school. Thus, it offers apprentices a combination of work experience and formal training leading to formal recognition (certification) in a specific trade or industry. The dual (formal and informal) system is practiced in many countries, notably Germany, Austria, Switzerland, Denmark, Netherlands, France, Canada and South Africa. The German dual system of vocational training is worldwide renowned and exemplary. The researcher is of the view that Ghana being one of the African countries like South Africa can also practice the dual system of training and development in small and medium-sized enterprises in Ghana. It is a matter of looking at the characteristic features and structures of the notably countries, for example Germany since its dual system of vocational training is worldwide renowned and exemplary. Research shows that in Germany, after completing their years of compulsory full-time secondary education, the majority of young people in Germany enter the dual system of vocational training, a combination of work-based training and attendance of a part-time vocational school.

Research indicates that in Germany training companies pay the costs of the work-based training and pay the apprentices training allowance in accordance

with the collective bargaining agreement in the sector concerned. However, the school-based part of training is funded by the state and local communities (ILO, undated). Further, it is open to all. That is there are no entry requirements into the dual system. is funded by the state and local communities (ILO, undated). Apprentices can enter the dual system provided they choose one of the officially recognised training occupations, the contents and standards of which are regulated by law. One characteristic feature of the dual system is its proximity to the workplace. The trainee spends three to four days a week at the workplace (factory, workshop, laboratory, office or shop) and the remaining one or two days at a part-time vocational school. Thus, both firms and schools contribute to development of the apprentice's vocational skills. The focus at the workplace is hands-on training, while the part-time vocational school provides the trade-specific theory and general lessons such as German, politics, economics, religion and sports (wikilpedia, undated). In order to harmonise the activities of the two learning centres, the sequencing of the school curricula is coordinated with the outline training plans at the workplace (Carl-Duisberg Gesellschaft, 1991).

2.6 Apprenticeship training in Ghana

Research has shown that apprenticeship, as offered in the formal and informal industry, is mainly by private initiative, although some state institutions offer limited apprenticeship schemes (Education Reform Committee, 2002). A characteristic feature of apprentice training in Ghana is the lack of uniformity

in training content, duration and certification. The research is of the view that such weaknesses in the training system need to be addressed. However, since apprenticeship is mainly a private initiative, the Education Review committee has recommended the formation of government policy regarding registration of apprenticeship providers and standardization of content, duration of training programmes and certification, in collaboration with industry, identifiable trade associations and training providers. Research indicates that in the White Paper Report on Education Reform Review, the Ghana Government has now decided to partner the private sector in a more systematic way to promote apprenticeship training including assuming full responsibility for the first year of the apprenticeship programme (Ministry of Education, Youth and Sports, 2004). Furthermore, the Government has decided to; constitute a National Apprentice Training Board, among other things, to oversee and regulate apprentice training and handle issues concerning registration, content, duration and certification and finally formalise community-based apprentice training schemes in all districts to cater for the youth (Ministry of Education, Youth and Sports, 2004).

2.7 Two-site Apprenticeship Training Model Ghana's "Dual System"

Research has indicated that apprentices and their masters face some challenges that the present conventional apprenticeship training system does not address. Many of the challenges could possibly be addressed through a proposed two-site apprenticeship training model (Ghana's dual system). This model seeks to

build on the three policies of the Government: the Government's new vision of actively partnering the private sector in delivering apprenticeship training; the Ghana ICT for Accelerated Development (ICT4AD) Policy; and the President's Special Initiative on Distance Learning (PSI-DL). However, with the proposed model, apprenticeship training will take place at two sites: workshops (on-site) and through learning (off-site). The on-site mode would focus on practical training and would take place at the workshops following the present conventional apprenticeship training. The off-site mode would focus on trade-specific theory and general lessons that address business management, safety and environmental issues. Similar to the German dual system, both on-site and off-site training would run concurrently (Donkor and Mallet, 2007).

The research argues that traditionally, apprenticeship training in Ghana is not characterized by centralized external evaluation and certification as found in the case of conventional formal training institutions. Therefore, under Ghana's "dual system" of apprenticeship training, there would be no centralized external evaluation and certification. However, apprentices and their masters will be encouraged to voluntarily take standardized tests such as City and Guilds examinations and trade tests organized by the Trade Testing Department of the National Vocational Training Institute. In spite of the fact that there will be no centralized external evaluation and certification under Ghana's "dual system", the vocational and technical courses provided through open and distance Learning will be assessed internally by the instructors at the learning centres to

be created under the second phase of the PSI-DL that seeks to focus on TVET delivery. On the other hand, the internal assessment would be at periodic intervals and would serve only diagnostic purposes. Thus, progress of the apprentice would continuously be monitored through assignments and class tests in theory and through practical work. In addition to the assessment by instructors at the learning centres, apprentices would assess their own progress as they go through learner activities such as self-assessment questions and exercises provided in their self-learning materials.

The research continues with the argument by saying that, though the proposed two-site training model could enhance apprenticeship training in Ghana, the cost of the training could be prohibitive. Mishra and Bartram (2002), however, argue that the large number of learners that could be reached over several years offsets the overall high cost. Furthermore, the Government's involvement in apprenticeship training means that the state would subsidises the overall training cost and thus make it affordable to beneficiaries. Then also, the two-site apprenticeship training model is likely to strengthen the traditional apprenticeship system and significantly improve and increase productivity and employment prospects. The proposed model would strengthen the theoretical base of both apprentices and their masters and offer continuing education to master craftsmen/women to upgrade their knowledge and skills in order to offer apprentices better training.

In the nutshell, apprenticeship training plays a critical role in the economy of Ghana. However, apprentices and masters face some challenges that are not addressed by the conventional apprenticeship training system. A two-site apprenticeship training model (Ghana's "dual system") is therefore being proposed. Under the proposed model, apprenticeship would take place at the workshops and through Distance Learning. It is expected that the Distance Learning component would offer a new complementary approach to the conventional apprenticeship training system to help prepare apprentices better and encourage life-long learning among apprentices and their masters. Taking a cue from the German dual system, any successful implementation of Ghana's "dual system" would require close collaboration between stakeholders that is, industry, trade associations, Government, formal training institutions, the secretariat of the President's Special Initiative on Distance Learning, master craftsmen/women, apprentices and parents. The model stands as an innovative example of where apprenticeship training in Ghana can and should be going in the 21st Century.

2.8 The role of training in SMEs performance

The abilities and skills of managers and employees are crucial for the prosperity of SMEs. There is extensive evidence showing a positive impact of management and employee training on small firm performance. Demick and O' Reilly (2000) claim that provision of management training enhances long term strategies and managerial competence of SMEs. A Management Service's

study (2001) reports an increase in financial performance of SMEs, employing less than 100 employees, following formal training. It also enhances human capital, which is a major source of sustained competitive advantage. Training, learning by doing and other measures of human resource management lead to better performance of employees at the firm level. Many studies propose a positive impact of training on employees wage growth and productivity (Bishop, 1994, Groot, 1999a, 1999b, Barron et al). However, the positive correlation between training provision and better SME performance remains debatable. Patton and Marlow (2000) question the unilinear causal relationship between training provision and SME performance. They show that such a relationship is shaped by other factors such as the external context, ownership structure and characteristics of management teams.

2.9 Low training take-up by SMEs

In the review of the literature on barriers to training take-up by SMEs, Westhead and Storey (1997) highlight two main reasons, 'market forces' and 'ignorance'. The market forces explanation refer to the different factors that influence the supply and demand of training. The market forces argument rests on the view that small business offers a less than optimal level of training due to their expectations that the returns to training would not exceed the costs of its provision. Market forces highlight the problems of organisational constraints such as lack of time, costs of training and dominance of short-term survival issues, in addition to the lack of internal labour markets and the geographical

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TE

location of the business. Therefore, the market context in which businesses are embedded, affects their skill needs. On the supply side, delivery of tailored training programmes is problematic especially when trainees come from different small firms. The fixed cost of providing a training programme is higher than that of a standard package to managers in large firms (Westhead, 1998). In addition, dependence on one or two customers, a common scenario among SMEs, is associated with relatively fixed management and employees skills.

The ignorance argument refers to the lack of awareness by small business owners of the importance of training for skills development. This lack of awareness of the values of training has wider implications for small business development due to the adverse effects of skill shortages on competitiveness. For example,(Keogh and Stuart, 2001) report that, SMEs often lack the capacity to undertake skills, forecasting and strategic analysis. This is echoed by Kitching and Blackburn (2002) who associate strategic training with larger firms and growing businesses. Strategic trainers are more likely to report genuine barriers to further training such as financial cost, lost working time and failure to find suitable training opportunities. Low trainers are more likely to give reasons reflecting the lack of a perceived need for further training, instead they claim that staff are fully trained when appointed and that training will not produce any benefits for their firm (Kitching and Blackburn, 2002). From a policy point of view, the market forces and ignorance explanations lead to two

opposing implications. If managers are not well informed about the benefits of training, then training subsidies could be justified. However, if the market forces argument is the dominant reason that hinders firms from training, then government intervention may prove ineffective.

2.10 Productivity

Productivity is the main determinant of national living standards. It refers to how well an economy uses the resources it has available by relating the quantity of inputs to outputs. There are several measures of this relationship, and their main characteristics, as well as the differences between them are stated in the subsequent paragraphs.

Labour productivity looks at the output produced per unit of labour input. The most common indicators are output per worker and output per hour worked. Output per worker has the advantage of being easy to calculate because the data, namely total output and employment are readily available. It can also be related directly to total output growth, which is equal to growth in output per worker multiplied by the growth in employment.

Moreover, output per hour measures the productivity of an hour of labour inputs. Its main advantage is that it is not influenced by the number of hours worked over a given period, and consequently takes account of part-time work and time not spent working. Both productivity per hour and productivity per worker are denominated by only one factor of production, namely labour.

Capital is also an input into the economy, and some other measures of productivity take this into account.

In particular, total factor productivity (TFP) attempts to measure output per unit of inputs, where inputs are generally labour and capital. While TFP has the advantage of taking account of other inputs aside from labour, it also has a number of disadvantages. First, it is a residual left over after accounting for the contribution of labour and capital inputs and so is often described as a measure of what cannot be explained; and secondly, it requires measures of the capital stock, which are often problematic in terms of data availability and reliability.

Review of the literature found that each of the three main measures above have advantages and disadvantages, and all give different insights into the nature of productivity. In order to establish a precise objective for policy, the Government uses output per worker as the central measure for assessing the productivity gap. This is for two reasons: first, it is the most straightforward to measure and therefore the least ambiguous; and secondly, it can be immediately linked to the overall objective of raising trend growth (Brown, 2000). At the national level, productivity can be regarded as a synonym for competitiveness since it expresses the ability to provide goods and services at prices which are regarded as "good value" (and therefore competitive).

In addition, research indicates that often productivity is regarded as simple labour productivity, the efficiency with which labour is used, but the simple productivity ratio is referred to earlier (of output/input) makes no distinction

between different resources. Growth is a function of what is often termed total factor productivity which expressed simply as a combination or aggregation of labour productivity, capital productivity and intermediate factor productivity.

More recently, the introduction of the term social factor productivity is to introduce elements such as waste and energy usage into the equation. "Growth in total-factor productivity (TFP) represents output growth not accounted for by the growth in inputs" Hornstein and Krusell (1996). Growth between nations is different because they have access to, and exploit, different sets of resources or because one nation uses (some of these) resources more efficiently. For example, developed nations "invent" technology; less-developed nations absorb technology and their productivity depends, in part, on how quickly and well they absorb (Mimam and Miller, 2004). Productivity measurement (at national level) is a long-term measure. Some changes in "productive potential" only show in growth figures over a long period. This is particularly true of intangibles such as knowledge management and infrastructure issue such as education

2.11 Current research on impact of training on productivity

Blundell et al., (1999) studied the impact on firm productivity have come out that some interesting evidence on the links between the skill composition of the work-force of a firm and labour productivity is provided by researchers at the

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

National Institute of Economic and Social Research. In their work, they take a number of UK manufacturing firms and match them with continental firms producing similar products. This allows them to carry out direct productivity comparisons of these matched samples of manufacturing plants. All these studies have found that, in all of the examined sectors, the higher average levels of labour productivity in continental plants were closely related to the greater skills and knowledge of their work-forces. By contrast, in the UK, the lower level of manpower skills was found to affect negatively labour productivity, the types of machinery chosen, the ways in which machinery was modified for the firm's particular needs, the smooth running of machinery and the introduction of new technology. The relationship between workers' productivity and subsequent firm profitability is, however, a complex one. As to the empirical literature aiming to quantify directly the contribution of training to worker or firm productivity, several studies (none of them carried out for Britain) show that training does indeed have a positive impact on productivity. Some studies have found a positive effect of a bundle of human resource practices (including training) on firm productivity. Some very interesting conclusions can be drawn from the evidence concerning the impact on productivity of training undertaken with a previous employer. A US study shows that previous on-the-job training increases a worker's initial productivity by 9.5 per cent but has no lasting effect. Previous off-the-job training has more long-lasting benefits and increases current productivity by 16 per cent.

Miriam Altman (2005) studied has shown that considerable research has been done for training agencies and accreditation authorities to identify sector skills gaps. However, there has been very little monitoring and evaluation performed. The research testified that, no studies have been done in South Africa to monitor and evaluate the impact of training on productivity and earnings. The few available international studies are very controversial, in that some show that vocational and other training has had little impact on productivity.

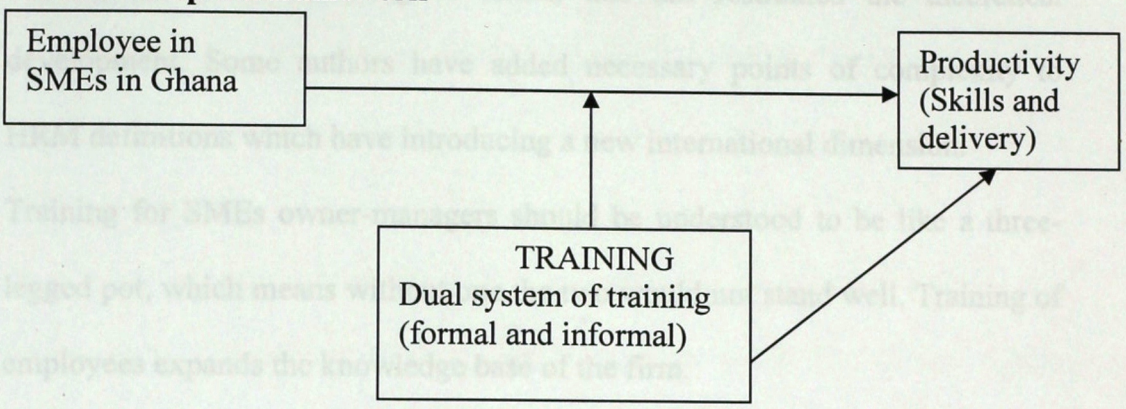
Furthermore, Emilio Colombo and Luca Stanca (2008) have studied the Impact of Training on Productivity and found out that a number of studies have tried to fill this gap by anaylsing the impact of training on productivity using firm-level data (Black and Lynch, 1996). In their research the results indicated that increasing the share of employees participating in training activities has a positive and significant effect on productivity at firm-level. They realised in the result that when training intensity increases by 1 percentage point productivity increases by about 0.07 per cent.

A vast empirical literature has investigated the effects of training using wages as a proxy for productivity, generally finding that different types of training result in significantly higher earnings for workers. Wages, however, only provide an indirect measure of productivity. The real wage rate is assumed to be equal to the marginal product of labor if the labor market is perfectly competitive and under restrictive assumptions training about. More generally,

the benefits of training are shared between employers and employees depending on labor market imperfections, whether training is specific or general, and who pays for the costs of training Booth et al. (2003) so that wage equations do not provide an appropriate indication of the effects of training on productivity. In recent years, as detailed firm-level data sets have become available, a number of studies have investigated the effect of training on direct measures of labor productivity.

Bartel (1994) uses a survey data set on personnel policies and economic characteristics of 495 manufacturing firms, finding that companies that implemented formal training programs experienced a 6 percent higher annual productivity. Black and Lynch (1996) use establishment-level data for 1993 to estimate a Cobb-Douglas production function that includes indicators of training, in addition to several controls for firms' characteristics. The results indicate that off-the-job training and computer training have a positive effect on productivity in manufacturing and non-manufacturing establishments, respectively. Barrett and O'Connell (2001) analyze a sample of about 700 Irish firms, finding that general training has a positive impact on productivity, whereas specific training does not have an impact on productivity.

2.12 Conceptual framework



Source: researcher's own construction

Fig. 2.1.The Impact of Training on Productivity of Small and Medium-Sized Enterprises

The concept is that Employees in Small and Medium-sized Enterprises (SMEs) in Ghana have a positive relationship with productivity. From the framework, Dual System (informal and formal) of training also has a relationship with productivity but with the moderation of Employees in Small and Medium-Sized Enterprises (SMEs), it would yield more positive result for the SMEs in Ghana. The conceptual framework indicates that Training serves as a moderating factor to the independent variable which Employees, then leading to productivity being the dependent variable.

To conclude this section, literature has indicated that SMEs are key source of new products, processes and services. It was indicated that it is not only employees who need training but owner-managers also need them. The literature argued that a number of authors have pointed out that there is

confusion over the meaning of HRM, this has restrained the theoretical development. Some authors have added necessary points of complexity to HRM definitions which have introducing a new international dimension.

Training for SMEs owner-managers should be understood to be like a three-legged pot, which means without one the two would not stand well. Training of employees expands the knowledge base of the firm.

The research indicated that dual system of training helps employees to receive both on-the-job and off-the-job training and benefit the organisation and the employees to increase productivity and growth of the economy. Furthermore, the abilities and skills of managers and employees are crucial for the prosperity of SMEs, that is why training, both formal and informal are very vital key to them. In the nutshell, these would help the study in the subsequent chapters. The questionnaires would enable the study to secure all the necessary data to address the objectives and conclusion and recommendations.

CHAPTER THREE

PROFILE OF SMEs AND RESEARCH METHODOLOGY

3.0 Introduction

The main purpose of study is to determine the impact of training on productivity in Small and Medium-Size Enterprises (SMEs) in Ghana. Again, to investigate the Dual System of training, that is formal and informal in SMEs. As a result, a number of SMEs were selected to generate the important data to meet the objectives of the study. The research investigated the effect training on productivity in SMEs. That is whether productivity had been increased or decreased as a result of proper training programmes or not in the establishment.

3.1 Profile of SMEs in Ghana

Unempirical evidence shows that SMEs are, dominated by one person, with the owner/manager taking all major decisions. It also dominated by partnership, Limited Liability Companies, Cooperative and others (unspecified). The entrepreneur possesses limited formal education, access to and use of new technologies, market information, and access to credit from the banking sector is severely limited, Management skills are weak, thus inhibiting the development of a strategic plan for sustainable growth. This target group experiences extreme working capital volatility. The lack of technical know-how and inability to acquire skills and modern technology impede growth opportunities. Many non-financial constraints inhibit the success of such

enterprises. SME owners are reluctant to be transparent. They seem to be unaware of or oblivious to the obligations and responsibilities they have toward capital providers, and the need to acquire or seek support for technical services like accounting, management, marketing, strategy development and establishment of business linkages. Management and support services are perceived to be cost prohibitive and non-value adding. SMEs have not taken full advantage of Government-sponsored business support services such as the National Board for Small Scale Industries (NBSSI), which operates in the 10 regional capitals under the Ministry of Trade and Industries and the Ghana Regional Appropriate Technology and Industrial Service (GRATIS), a foundation that provides skill training and basic working capital tools for start-ups (MOTI/PSD/PSI, 2007).

3. 1.1 Staff

SMEs mostly employ people from 1-100 with different levels of education. They also employ people with no formal education. Majority of them are apprentices and have little knowledge about the job. SMEs employ family members for both top management and sub-managerial. Senior apprentices take charge in some SMEs when the owner/manager is not there. They employ people they can work with and pay at the end of the month.

3.1.2 Activities

SMEs manufacture various products such as apparel, wooden furniture, footwear, bakery products structural metal products, jewellery and many more. They also offer different kinds of services. For examples of such items are printing, hairdressing, dressmaking/tailoring, maintenance and motor repair workshop.

3.1.3 Historical and year of establishment of SMEs in Ghana

SMEs have been in existence since Gold Coast. It was realised in 1969 by Dr. K.A. Busia that foreigners had dominated the activities of SMEs. A commission called The Ghanaian Enterprises Development Commission and the Office of the Ghanaian Enterprises commission were established by the Ghanaian Enterprises Development Decree (N.R.C.D.330, 1975) which extends and improves on the provisions of the Ghanaian Business Promotion Act (Act 334, 1970) to cover specified commercial and manufacturing enterprises which are strictly reserved to Ghanaian citizens.

The Ghanaian Enterprises Development Commission and the Office of the Ghanaian Enterprises commission was changed to NBSSI in 1985. The NBSSI is the apex governmental body for the promotion and development of the Micro and Small Enterprises (MSE) sector in Ghana. It was established in 1985 by an Act of Parliament of the third Republic of Ghana (Act 434 of 1981) because government views the sector as having the potential to contribute substantially

to reducing the high unemployment and to the growth of the economy of Ghana. MSEs account for a significant share of economic activity in Ghana and can play an important role in achieving the development goals for production. The government merged the Ghanaian Enterprises Development Commission (GEDC) in 1991 and the Cottage Industries Division of the Department of Rural Housing and Cottage Industries in 1994 with the Board based on Parliamentary Act 434 establishing NBSSI and NRCD 330 (the GEDC promulgation instrument).

3.2 Data source

This stage shows the type of methods and tools the research employed to collect data necessary for the study and data analysis. The research employed the following methodologies and tools for data collection, quantitative and qualitative. The main sources were from primary and secondary data.

3.2.1 Primary data

Primary data were collected from the various SMEs selected. Data on the impact of training on productivity were sought from the selected respondents. Data collection was effected through the administration of questionnaires and interviews. The questionnaires were structured questions. The respondents were supposed to answer one questionnaire. The questionnaire covered questions about training and demographics which were prepared by the researcher. The

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

productivity questions were adopted from McNeese-Smith (1991) for the purpose of the study.

3.2.2 Secondary data

Secondary data were collected from books, which have been already generated and used before. Additional data were collected through internets and libraries. Some were collected from NBSSI, AGI and Ghana Statistical Service.

3.2.3 Questionnaire Development

The questionnaire was divided into three parts. The first part sought to investigate the various training methods used by SMEs, the second attempted a qualitative measure of the productivity level of the respondents, and the third solicited the demographic characteristics of the respondents

3.2.3.1 Training

The parts 1, 2b and 3 of the questionnaires were developed by the researcher. The questionnaires were developed based on the literature review and the objectives of the study. The questionnaires were close-ended and one open-ended questions. They sought to solicit information from the employees.

3.2.3.2 Productivity Measurement Instrument

The part 2a of the questionnaire was adopted from McNeese-Smith (1991). According to McNeese-Smith (1991), the research literature "identified that

productivity should always be measured through multiple indications such as quantitative and qualitative measures, time required to provide a service, output of a team of followers, goal attainment, and growth of followers". McNeese-Smith developed a questionnaire with quantitative measures of productivity to measure nursery hospital workers. The instrument was slightly modified for the purpose of this research. The instrument had been tested by the originator and fund to have internal and external validity (Appendix1).

3.2.4 Piloting the questionnaire

A preliminary testing of questionnaire was undertaken through interview guides on December, 2008 on SMEs. The questionnaires were sent to three selected SMEs to solicit their answers, suggestions and recommendations from employers and employees. The researcher was permitted before the employees answered the questionnaires. The employers and employees were interviewed based on the questionnaire and came out with their comments and suggestions. Their suggestions and recommendations were critically looked at and incorporated in the final questionnaire.

3.3 Data collection

The main instruments were questionnaires and interviews. A visit was made to the selected SMEs within Kumasi Metropolitan Area to administer questionnaires and interviews. Data were collected from January to February, 2009. The questionnaires were answered by the respondents with the help of

the researcher. These data from the respondents were primary data that is the researcher was generating firsthand information from the field and had not been used before. The researcher spent about two months to collect the 315 questionnaires from the respondents.

3.4 Response Rate

The researcher distributed 390 questionnaires to employees in 50 SMEs. Out of the total number, 350 questionnaires were the actual sample size and the additional 40 questionnaires were meant for non-respondents. The total number of questionnaires received for the analysis was 315. About 35 questionnaires were rejected, 21 were on the bases of unanswered questions. For the other 14 questionnaires, each has double answers for some questions. The remaining 50 questionnaires were not retrieved. Base on the number of questionnaires received for the analysis it was shown that the response rate was 90 per cent. It means the 315 questionnaires received was good representative for the study.

3.5 Population

There are many SMEs all over the country. From Statistical Service Department there were about 27,158 as at December, 2007. The research was limited to those within Kumasi Metropolitan Area. The total population of SMEs in KMA was 3,415, which was about 13% of the national population. The sample population for the study was 3,311 SMEs representing 12% of the national population.

Table 3.1 Number of SMEs in Ghana

	frequency	Percentage
National	27,158	100
Ashanti Region	6,347	23
Kumasi Metropolitan Area (KMA)	3,415	13
SMEs with employees from 1-100 (sample population) KMA	3,311	12
Sample size for the study	50	0.2

Source: GSS Department, 2007

Table 3.2 Fifty selected SMEs with their products and services

SMEs	Number of employees	Products and services
8	45	Manufacture of wearing apparel by cutting and sewing fabrics
3	14	Services activities related to printing
11	100	Printing
12	90	Manufacture of wooden furniture
7	50	Manufacture of footwear
3	17	Manufacture of bakery products
5	24	Manufacture of structural metal products
1	10	Manufacture of jewellery and related articles
50	**350**	

Source: GSS Department, 2007

3.6 Sampling method

Multiple stage sampling was used. The first stage was the identification of SMEs employing people from1-100. Three thousand three hundred and eleven (3,311) SMEs were identified at KMA. At the second stage, simple random sampling strategy was employed. Out of 3,311 SMEs on KMA list, 50 were selected for the study. This was because the number was large for the study so the study focused on employees but not the individual SMEs. Random

sampling is one where every SME of the population has an equal chance of being selected to the sample. All the 3,311 SMEs were printed on paper, cut into pieces and put in one basket and 50 SMEs were selected randomly. This was done on the bases of adding their employees together to get 350 and all were involved. Out of the fifty (50) SMEs selected, 9 were medium and 41 small scale enterprises. The employees of the nine (9) medium enterprises were 63 and the 41 small scale enterprises 287. The total sample size for the study is 350 employees.

3.7 Data analysis

The research analysis involved qualitative and quantitative data analyses. The completed responded questionnaires were edited, coded, and analysed by computer using the statistical package for social scientist software (Statistical Product and Service Solution-SPSS 16.0). In addition Canonical Correlation method and Microsoft Excel were used to analyse the data. The Canonical Correlation was used to measure the linear relationship between the independent (regular training) and dependent (departmental goal) variables. The Microsoft Excel was used to draw the bar charts to support the analysis.

Statistical methods were often used to study and quantify relationships between variables. The purpose of studying such relationships is often to describe, predict, or control a variable of interest called the dependent variable. This is accomplished by relating the dependent variable to one or more other variables

that are called independent variables. One way to relate variables is to perform canonical correlation analysis. This technique allows the researcher to find the relationship between the dependent variables and the independent variables.

The research employed quantitative and qualitative methods of data analyses. Survey was used to gather quantitative and qualitative data on issues such as what do you recommend to improve employees and how employees cope with and tackle the problems of the impact of training on productivity in SMEs.

Furthermore, the advantage of using quantitative and qualitative research methods is that the former can be used to measure outcomes while the latter can provide a greater depth of understanding about "complex interactions, tacits processes, and often hidden beliefs and values" (Marshall and Rossman 1989). The researcher administered questionnaires to the employees in the selected organisations to answer. There were 11 questions for training variables and 14 for productivity variables with overall observations being 315. The canonical correlation analysis was used to find the relationship between the training variables and the productivity variables.

3.7.1 Canonical method

In canonical correlation, one examines the relationship between linear combinations of the set of X variables and linear combinations of a set of Y variables. These linear combinations, which are determined such that they have maximal correlations, are called canonical variables. The method was

developed to investigate the relationship between two sets of variables, for example, given a set of employees training variables and a set of contributions to productivity. In canonical correlation analysis the researcher starts by defining two sets of variables $X^{T} = [X_1, X_2\ldots\ldots, Xp]$ for employees training and $Y^{T=} [Y_1, Y_2\ldots, Yq]$ for contributions to productivity. The goal is to construct new sets of canonical variates $\mathbf{U=a^{T}x}$ and $\mathbf{V=b^{T}y}$ that are linear combinations of the original variables such that the simple correlation between U and V is maximal subject to restriction that each of the canonical variates, U and V, has unit variance and is uncorrelated with other constructed pairs within the set. The desired result is to maximize between-set correlation and to facilitate the correlation interpretation.

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND DISCUSSIONS

4.0 Introduction

The previous chapters of the study addressed the contextual, theoretical and descriptive aspects of the study. The focus of this present chapter is to analyse the field data and examine the findings in the light of the objectives of the study. This chapter provides information on the data collection procedure adopted, analysis of the data and findings. The responses from the respondents are described, analysed and inferences made to established relationships. The quantitative data collected from the questionnaire were coded for analysis. The statistical package for social scientist software (SPSS) was used to analyse the quantitative data. The quantitative data was thoroughly discussed in relation to the objectives of the study. The analyses and discussion of the field data have been presented in the following structured:

4.1 Description of the demography

About 315 questions were received from employees. These were the categories; 115 from apprentices, 84 from sub-managers and 116 from supervisors. In terms of marital status, 131 were singled and 184 married. The males were 222 and females 93. The total number of 315 employees were 18 years and above.

4.2 Exploratory data analysis of specific objectives about type of training practices.

Type 1 = informal **type2= formal** **type 3= informal and formal**

Form 1 = seminar **form 2= workshop** **form 3= conference**

4.3 Types of training practices (informal)

From Table 4.1 and figure 4.1, show the analysis of specific objectives about types of training practices. The respondents who had informal training in the form of seminar are 2.54%, while 45.08% represents respondents who had received informal training in the form of workshop. The total number of 48.25% respondents who had received informal training in the form of seminar, workshop and conference. From the analysis it can be concluded that though the percentage is less than 50, employees had received informal training.

4.4.1 Types of training practices (formal)

From Table 4.1and figure 4.1, show .95% of the total respondents who had received formal training in the form of seminar, 1.59% in the form of workshop and .32% in the form of conference. These indicated that some SMEs provide formal training in different forms for their employees. This had reflected on the objective that seeks to determine the type of training in the SMEs. Employers provide off-the-job training to impact on productivity.

4.4.2 Types of training practices (both)

This represents respondents who had received informal and formal training (dual system) since entered their establishments. The Table 4.1 and figure 4.1, indicate that 21.59% of the total respondents had received dual system of training in the form of seminar and 19.05% in the form of workshop. Moreover, 8.25%.of the respondents responded that they had received dual system of training in the form of conference. In short, 48.89% of the total respondents answered they had received dual system of training in the forms of seminar, workshop and conference. This implied that some SMEs had in place dual system of training programmes in their establishments.

Furthermore, respondents who have received informal, formal and both trainings constituted 152, 9 and 154 respectively out of 315 respondents.

Table 4.1 Types of training practices

Frequency Percent	Table of types by forms			
types	Forms			Total
	1 seminar	2 workshop	3 conference	
Informal 1	8 2.54%	142 45.08%	2 .63%	152 48.25%
Formal 2	3 .95%	5 1.59%	1 .32%	9 2.86%
Both 3	68 21.59%	60 19.05%	26 8.25%	154 48.89%
Total	79 25.08%	207 65.71%	29 9.21%	315 100.00%

Source: Field data, January- February 2009

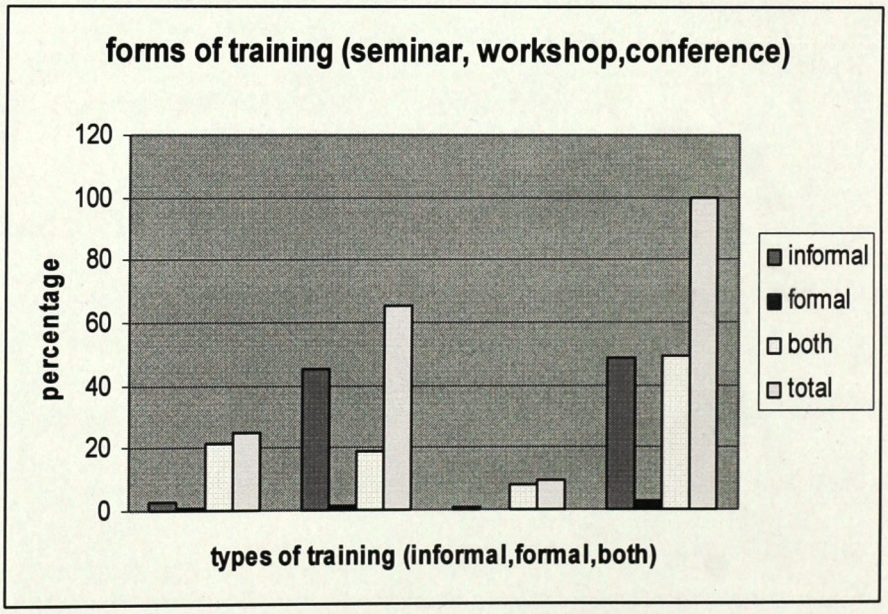


Figure 4.1 Types of training practices

4.5 Canonical correlation Analysis

4.5.1 Means and Standard Deviations of training variables

From Table 4.2, shows the Means and Standard Deviations of training variables. It can be explained by the table that training variables such as priority, regular, receive from time to time, on-the-job, employees confidence and job related had maximal mean values with minimal standard deviations. The rest of the training variables had minimal mean values and rather maximal standard deviations. This means that most training variables are necessary to enhance productivity. The employees need training from time to time to achieve that objective of the organisaion.

Table 4.2 Means and Standard Deviations of training variables

Training variables	Mean Score	STD
1. Training of employee is a priority in the organisation (coded priority)	3.59	.643
2. My organisation provides training to employees regularly (coded regulary)	3.23	.727
3. Since I joined this organisation I have received training from time to time (coded received)	3.07	.705
4. My organisation provides induction or familiarization training for new entrants (coded induction)	2.94	.707
5. I have received more than one on-the-job training (coded on-the-job)	3.57	.698
6. My organisation provides off-the-job training (coded off-the-job)	2.55	.930
7. Training has put confidence and skills in the employees in my organisation (coded confidence)	3.54	.749
8. My organisation has well structured training programme (coded structure)	2.89	.691
9. My organisation insists on employee training every year (coded every year)	2.86	.730
10. My organisation pays all the cost involved in training (coded pays)	2.69	.959
11. The training I have received is related to my job (coded related)	3.69	.639

Source: Field data, January- February 2009

4.5.2 Means and Standard Deviations of productivity variables

From Table 4.3, shows the Means and Standard Deviations of training productivity variables. The table explains that productivity variables such as organisational and departmental goals, high quality service, meeting deadlines, solving problems and free from errors have maximal mean values. The other variables have minimal

mean values. This implies that if employees receive training regularly it influences some productivity variables to impact on productivity. On the other hand some variables do not impact much on productivity.

Table 4.3 Means and Standard Deviations of productivity variables

Means and Standard Deviations

Productivity variables	Mean	STD
1. Helping to meet overall goals of organisation (coded goals)	4.34	.835
2. Helping to meet the goals of my department (coded dept.goals)	4.12	. 858
3. Helping to keep the cost of raw materials down in my department (coded raw materials)	3.86	.862
4. Helping to keep the cost of labour down in my department (coded cost of labour)	3.48	.842
5. Providing a high quality of service in my department (coded quality)	4.59	.662
6. Helping to support professional/educational growth of all employees in my department (coded growth)	3.10	.873
7. Assisting my department to set achievable goals (coded achievable goals)	3.94	.729
7. Helping my department to meet deadlines (coded deadlines)	4.29	.690
9. Helping to accomplish a departmental target of work in my department (coded dept. target)	3.89	.771
10. Being well organized (coded organised)	3.23	.778
11. Helping my department to be accurate/free of errors (coded accurate)	4.20	.753
12. Minimizing absenteeism (coded absenteeism)	3.15	.817
13.Helping to minimize turnover in my department (coded turnover)	3.43	.858
14. Helping my department to solve its own problems (coded problems)	4.39	.725

Source: McNeese-Smith (1991).

4.6 Correlations among the original variables

From Table 4.4, shows the analysis of canonical correlations among the original variables of training. It can be observed that well structured training programmes exits in some SMEs because the variables, structured and every year trainings were showing a maximal value of .627 which was highly correlated. This indicated that yearly training was well organised and impacting positively on productivity. Furthermore, the table explained that other training variables such as on-the-job, confidence level of employees and number of training received were highly correlated impacted on productivity. This means that SMEs should pay attention to the training variables to increase productivity.

Table 4.4: Correlations among the Original Variables

Correlations Among the Training

	Priority	Regulary	received	induction	On-the-job	Off-the-job	confidence	Structure	Every-year	pays	Related
Priority	1.00	.406	.370	.347	.401	.351	.379	.359	.320	.436	.328
regularly	.406	1.00	.437	.397	.408	.218	.464	.435	.470	.239	.322
received	.370	.437	1.00	.487	.460	.304	.548	.512	.408	.241	.361
induction	.347	.397	.487	1.00	.492	.193	.569	.495	.410	.236	.370
On- the -job	.401	.408	.460	.492	1.00	.414	.595	.557	.428	.322	.425
Off -the -job	.351	.218	.304	.193	.414	1.00	.324	.415	.369	.588	.287
confidence	.379	.464	.548	.569	.595	.324	1.00	.574	.461	.299	.589
structure	.359	.435	..512	.495	.557	.415	.574	1.00	.627	.376	.444
Every year	.320	.470	.408	.410	.428	.369	.461	.627	1.00	.374	.338
Pays	.436	.239	.241	.236	.322	.588	.299	.376	.374	1.00	.362
related	.328	.322	.361	.370	.425	.287	.589	.444	.338	.362	1.00

Source: Field data, January- February 2009

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

4.7 Correlations among the Productivity variables

From Table 4.5, explains the analysis of canonical correlations among the original variable of productivity. It can be observed that the correlations among the productivity variables were high. For example the value for meeting the organisational and departmental goals was .679 testified that training of employees really had impacted on productivity in some SMEs. However, other training variables such as raw materials, high quality service and free from errors shown positive correlations with productivity variables. This really informs the SMEs that if they provide the needed training for their employees, it will impact on the productivity level. Training had improved the confidence levels of employees and skills to achieve organisational and departmental goals, reduced spoilage of raw materials, reduced turnover rate, and improved high quality services and products.

From the Table 4.6, explains how analysis was done using the original scale units for the variables. One approach to check the relationship between the employee training and productivity is through calculating pair wise correlation coefficients as shown in Table 4.6. The maximal correlation is .456, which is the correlation between employee's related training of productivity. This is rather unsatisfactory approach because by picking only maximum pair wise correlation, information contained in the other correlation coefficients is ignored or wasted.

Table 4.5: Correlations among the original variables

Correlations Among the productivity

	goals	Dept goal	Raw materia	Cost labour	quality	growth	Achieve goal	deadline:	Dept targe	Organised	accurate	absente sm	turnover	Problems
Goals	1.00	.679	.574	.426	.448	.352	.424	.404	.355	.225	.346	.241	.162	.412
Dept goal	.679	1.00	.594	.477	.399	.369	.479	.375	.465	.287	.361	.340	.243	.399
Raw material:	..574	.594	1.00	.462	.479	.378	.493	.486	.438	.332	.405	.329	.224	.393
Cost labour	.426	.477	.462	1.00	.282	.475	.336	.205	.307	.254	.317	.386	.213	.236
Quality	.448	.399	.479	.282	1.00	.321	.413	.339	.423	.133	.360	.189	.252	.406
Growth	.352	.369	.378	.475	.321	1.00	.439	.328	.346	.376	.335	.368	.333	.341
Achieve goal	.424	.479	.493	.336	.413	.439	1.00	.419	.482	.276	.426	.228	.360	.452
Deadlines	.404	.375	.486	.205	.339	.328	.419	1.00	.385	.263	.449	.221	.221	.460
Dept target	..355	.465	.438	.307	.423	.346	.482	.385	1.00	.294	.358	.257	.216	.419
Organized	.225	.287	.332	.254	.133	.376	.276	.263	.294	1.00	.306	.407	.267	.255
Accurate	.346	.361	.405	.317	.360	.335	.426	.449	.358	.306	1.00	.191	.277	.455
Absenteeism	.241	.340	.329	.386	.189	.368	.228	.221	.257	.407	.191	1.00	.435	.259

Source: Field data, January- February 2009

It was seen from the Table 4.6, that almost all training variables had highly correlated values matching with productivity. For example, respondents who had trainings which were related to their jobs had shown maximal correlations with productivity variables such as a quality, employees' accuracy in doing things, their ability to solve problems, helping to achieve organisational and departmental goals. The range of correlation is .004 to .456.

A more realistic approach was to use canonical correlation analysis so as to look for linear relationship of employees training and productivity such that they were as highly correlated as possible. There were 11 variables within the employees training variables and 14 variables within the productivity variables hence the total number of canonical correlations was 11.

The results of various root statistics were used at this level to establish the linear relationship of employees training and productivity. It used to check if independent and dependent variables were as highly correlated as possible.

From Table 4.7, shows the results from four root statistics to test for zero canonical correlations, it can be concluded that at least one out of the canonical correlations was non-zero that is no value is equal to zero; all the root statistics were highly significant. This means that the statistical methods applied were all more than zero indicated that all the training and productivity variables were highly correlated. The training variables had positive correlations on productivity variables. The training variables were all important and needed to help employees to achieve higher productivity.

Table 4.6: Correlations between the Training and the Productivity variables

	goals	Dept goal	Raw materials	Cost labour	quality	growth	Achieve goals	deadlines	Dept target	Organised	accurate	absenteeism	Turnover	problems
Priority	.206	.215	.149	.220	.238	.161	.128	.192	.263	.036	.273	-.034	.029	.255
regulary	.225	.164	.183	.251	.301	.242	.181	.104	.138	.062	.182	.120	.153	.145
Received	.334	.321	.242	.076	.298	.121	.219	.182	.348	.205	.282	.006	.102	.321
induction	.259	.289	.253	.159	.344	.221	.277	.230	.287	.319	.296	.059	.093	.292
On-the-job	.333	.287	.170	.127	.320	.188	.208	.215	.173	.188	.283	-.004	.104	.319
Off-the-job	.254	.175	.156	.115	.258	.194	.197	.125	.145	.059	.281	-.028	.053	.231
confidence	.332	.239	.211	.077	.304	.224	.202	.212	.200	.193	.337	-.037	.015	.320
structure	.290	.300	.166	.112	.285	.266	.322	.173	.242	.224	.316	.069	.133	.383
Every year	.193	.207	.122	.207	.238	.280	.308	.139	.179	.075	.255	.024	.147	.289
Pays	.195	.165	.097	.147	.178	.129	.084	.243	.168	.006	.305	-.026	.059	.247
Related	.337	.211	.235	.115	.386	.199	.256	.281	.254	.192	.356	.037	.108	**.456**

Source: Field data, January- February 2009

Table4.7: Results of various root statistics

Statistic	Value	F Value	Pr > F
Wilks' Lambda	.225	3.08	<.0001
Pillai's Trace	1.26	2.79	<.0001
Hotelling-Lawley Trace	1.80	3.38	<.0001
Roy's Greatest Root	.866	18.57	<.0001

Source: Field data, January- February 2009

The results were given in Table 4.7; the approximated F statistic for the likelihood ratio value was used to test if the canonical correlations in the current row and all that follows were zero. It can be concluded that first five canonical correlations were significantly different from zero. Thus five canonical correlations were maintained, yielding a correlation of .681, .454, .433, .330, .322 and explaining about 48%, 14%, 13%, 7% and 6% respectively of the common variability in the data, that is 88% of the total variability in the data have been explained by the five canonical correlations. This means that the first five training variables which w ere priority, regulary, received, induction and on-the-job were highly correlated with productivity variables.

Table4. 8: Canonical Correlation Analysis

	Canonical Correlation	Eigenvalue	Proportion	Likelihood Ratio	Approximate F Value	Pr>F
1	.681	.866	.480	.225	3.08	<.0001
2	.454	.261	.144	.420	2.06	<.0001
3	.433	.231	.128	.530	1.80	<.0001
4	.330	.122	.068	.653	1.47	.003
5	.322	.115	.064	.733	1.34	.033
6	.252	.068	.037	.818	1.12	.260
7	.237	.059	.033	.874	1.01	.451
8	.213	.048	.026	.926	0.82	.737
9	.135	.018	.010	.971	0.49	.963
10	.092	.008	.004	.989	0.32	.975
11	.047	.002	.001	.997	0.17	.954

Source: Field data, January-February 2009

Canonical Redundancy Analysis was performed to check if the information that overlaps the training with productivity set important relative to the total information in the employees training and in the contributions of productivity.

From table 4.9a, it can be observed that the first canonical variable (priority) of training explained about 35% of the training variability and about 17% of the productivity variability.

Table4.9a: Standardized variances explained by the various canonical variables

Canonical Variable Number	Proportion of variance of Explained by Training	
	own	Opposite
1	.354	.164
2	.091	.018
3	.092	.017
4	.049	.005
5	.053	.005
6	.056	.003
7	.050	.002
8	.076	.003
9	.042	.0008
10	.052	.0004
11	.080	.0002

Source: Field data, January- February 2009

From Table 4.9b, the first canonical variable of the productivity explained about 23% of the productivity variability and about 11 % of the training variability. Thus first canonical variables correspond to a reasonable proportion of the variability within each set. The second, third, fourth to the eleventh canonical correlations were not significantly different from zero.

Table4.9b: Standardized variances explained by the various canonical variables

Canonical Variable Number	Proportion of variance of Explained by Productivity	
	Own	Opposite
1	.227	.105
2	.089	.018
3	.047	.008
4	.045	.005
5	.081	.008
6	.050	.003
7	.040	.002
8	.049	.002
9	.085	.001
10	.055	.0005
11	.058	.0001

Source: Field data, January- February 2009

4.8 Training course

4.8.1 The total number of employees who have attended training course

From Table 4.10, shows the analysis of the total number of employees who have attended training course. It can be explained from the table that 315 employees responded yes, meaning they have attended training. There was not a single respondent who answered no. This means that informal training is a priority in SMEs. Below shows the categories;

Table 4.10 number of employees who have attended training course

Yes	315
No	0
Total	315

Source: Field data, January- February 2009

From Table 4.11, explains the total number of employees who have attended different types of training. The table indicates that out of 315 respondents, 152

have received informal, 9 formal and 154 both. This shows that SMEs provide informal training more than the others.

Table 4.11 Types of training

Informal	152
Formal	9
Both	154
Others	0
Total	315

Source: Field data, January- February 2009

4.8.2 The level of performance before training

From Table 4.12, shows the level of performance of employees before training. Out of the total number (315), 196 indicated satisfactory, 64 good, 54 fair and 1 for excellent performances. This means that more than half (196) of the total employees (315) performance was satisfactory.

Table 4.12 Employees performance level before training

Fair	54
Satisfactory	196
Good	64
Excellent	1
Total	315

Source: Field data, January- February 2009

4.8.3 The level of performance after training

From Table 4.13, explains the level of performance of employees after they have been trained. It can be analysed from the table that training has really impacted on productivity. This is because 162 employees had their level of performance after training to be very good, while the satisfactory performances

of employees have been reduced from 196 to 14. The rest are ranging from good to excellent.

Table 4.13 Employees performance level after training

Satisfactory	14
Good	48
Very Good	162
Excellent	91
Total	315

Source: Field data, January- February 2009

4.8.4 The level of training received

Table 4.14, shows the explanation of different levels of training employees have received. There were about 115 apprenticeships, 116 supervisors, 84 sub-managerial and others 0. These are the areas employees are being trained on to impact on productivity in the SMEs.

Table 4.14 Employees level of training

Apprenticeship	115
Supervisor	116
Sub-managerial	84
Others	0
Total	315

Source: Field data, January- February 2009

4.8.5 The benefit after training

The Table 4.15 below is about benefits employees have received after training. The employees were to answer yes or no if they have received any benefit after training. All the 315 employees responded that they have benefited from training.

Table 4.15 Training benefit

Yes	315
No	0
Total	315

Source: Field data, January- February 2009

4.8.6 Types of benefit

From Table 4.16, indicates the types of benefit employees have enjoyed after training. It can be concluded from the table that out of 315 employees, 102 said they have had self-confidence in doing the job, 47 little or no supervision in course of working, 50 have been promoted, 115 increased of productivity and 1incremental award. These imply that the numerous benefits employees received will motivate them to increase productivity and result to expansion.

Table 4.16 Types of benefit

Self-confidence	102
Little or no supervision	47
Promotion	50
Increased productivity	115
Incremental award	1
Total	315

Source: Field data, January- February 2009

4.8.7 Training practices

From Table 4.17, shows the analysis of training practices of employees. The table obviously explains that the total number of employees for the study responded positively to the question. This is all the 315 respondents answered yes they have gone through training practices. It means employees enjoy training practices in their establishment.

Table 4.17 Training practices

Yes	315
No	0
Total	315

Source: Field data, January- February 2009

4.8.8 Forms of training practices

From Table 4.18, explains the forms of training practices employees have gone through. It can be deduced from the table that 206 employees have attended training mostly in the form of workshops. The rest of the employees (109) have had theirs in the form of seminars and conferences.

Table 4.18 Forms of training practices

Seminar	79
Workshop	206
Conference	30
Others	0
Total	315

Source: Field data, January- February 2009

4.9 Employees recommendations

The questionnaires took interest in the recommendations the employees (respondents) made to improve employees in their organisations. From the questionnaires administered to the selected (50) SMEs, 315 respondents were received. Out of the 315 respondents (100%), 152 respondents representing 48% of the respondents were of the view that employers should provide regular training to employees to enhance productivity especially formal training. Furthermore, the result shows that only 3% of the total respondents (9) expressed their views that employers should provide them with on-the-job and

off-the-job trainings regularly to help them improve their skills and enhance productivity. These respondents have had only formal (off-the-job) training since they entered the establishment.

However, the third group of respondents represents (49%) that is 154 of those who had both on-the-job and off-the-job trainings. They recommended that employers should try as much as possible to provide more training which are related to the job and make available raw materials for production and services. They also added that training programmes in the organisations should be taken seriously since training leads to increased productivity. From the literature review it was seen that in the case of firm-specific training, workers will have an incentive to remain with the firm that provides the training since their productivity will only be higher within that firm. This allows the firm to appreciate the benefits of the training. This confirmed with the result that employers will do their best in organisations to provide the needed incentive and training for their employees to yield the results.

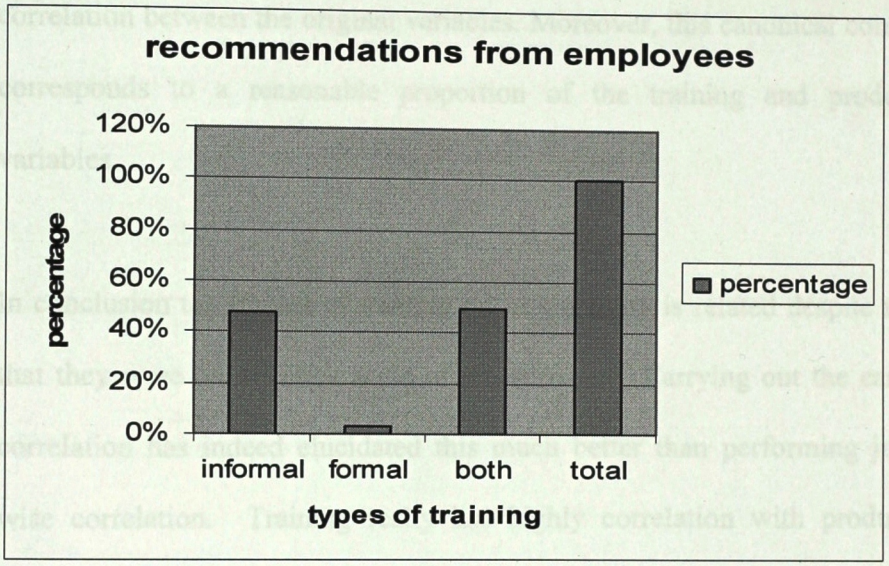


Figure 4.3 Employees recommendations

4.10 Discussions and Conclusion

With reference to the above analysis the researcher has discussed the results of the analysis and conclusion below. In order to gain insight of the impact of training on productivity of small and medium-sized enterprises in Ghana, the researcher started by picking the highest pair wise correlation but this results in the loss of information in the sense that all the other pair wise correlations are neglected. Canonical analysis was used as a remedy. Formal statistical testing was done under normality assumptions. Further, canonical redundancy analysis was done to check if indeed the canonical analysis was of any importance.

The researcher found that there were five statistically significant canonical

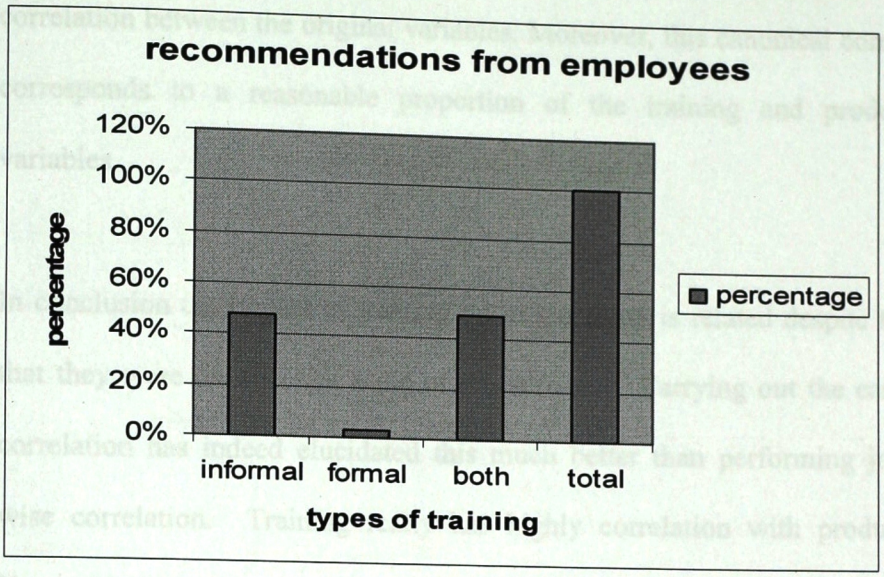


Figure 4.3 Employees recommendations

4.10 Discussions and Conclusion

With reference to the above analysis the researcher has discussed the results of the analysis and conclusion below. In order to gain insight of the impact of training on productivity of small and medium-sized enterprises in Ghana, the researcher started by picking the highest pair wise correlation but this results in the loss of information in the sense that all the other pair wise correlations are neglected. Canonical analysis was used as a remedy. Formal statistical testing was done under normality assumptions. Further, canonical redundancy analysis was done to check if indeed the canonical analysis was of any importance.

The researcher found that there were five statistically significant canonical correlations, of which the first was larger than the maximal pair wise

correlation between the original variables. Moreover, this canonical correlation corresponds to a reasonable proportion of the training and productivity variables.

In conclusion the impact of training on productivity is related despite the fact that they were on different scale of measurement. Carrying out the canonical correlation has indeed elucidated this much better than performing just pair wise correlation. Training really has highly correlation with productivity. Hence, there is the need for every SME to have a well structured training programme in place. From the respondents recommendations it can be deduced that most employers were aware of the benefits of training but do not want to provide funds for formal training specially. Literature supports that proper training of employees help them to improve productivity, as well as the organisation and the nation as a whole. The findings, analysis and discussion had addressed all the objectives and research questions of the study.

CHAPTER FIVE

REASERCH SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The previous chapters concentrated on the introductory aspect of the study which dealt into the problem statement, the objectives of the study, significance of the study, the scope and the limitations of the study. It also reviewed the relevant literature to the study. Furthermore, the method adopted in study was also discussed.

Finally, the data gathered through the use of questionnaire was analysed and discussed which threw light on the possible solution to the questions raised at the introductory chapter. The focus of this chapter is to summarise the findings from the analyses of data gathered through the questionnaire in chapter four. It also offers the researchers recommendations which are the possible solutions to the problems identified. The chapter also contains the conclusions to the study.

5.1 Summary

Small and Medium-Sized Enterprises play a major role in developing an economy in every nation. SMEs basically, contribute a greater percentage to the solution of employment of the nation. What it means is that, they create more jobs to complement what the government creates. This helps the government as well as the nation to reduce the unemployment rate in the

country. The analysis has shown that training in SMEs will positively impact on employee productivity. The results show that qualitative measures, such as employees' commitment to meet organizational and departmental goals, reducing the cost of raw materials and labour, offering quality service, meeting deadlines and targets, being regular at work and so on are positively correlated to training.

Literature review indicated that countries such as Germany, Canada, Austria and others have been supported by the activities of SMEs. They are backbone of every developing country. Hence, the expansion of the SME sector which helps to reduce the unemployment problem facing the country.

With reference to the Table 4.6, explaining the correlations between training variables and productivity variables, the maximal correlation value was .456 which was the highest correlation between employees' related training and productivity. This means that since the training was related to the employees' job, it helps to solve or handle organisational and departmental problems which confront them. The canonical correlation result indicated a significant positive correlation with regards to training variables and productivity variables.

5.2 Conclusion

Whilst undertaking the research a number of issues, which could have impacted positively on the current findings, were identified in the course of the study. It

was realized that, due to time and resources constraints, these were not considered and it is hoped that they could be useful areas for further study.

The study investigated the impact of training on productivity in SMEs in Ghana. The research revealed that using the canonical correlation data analysis, it was discovered that variables of training are highly correlated to productivity variables in SMEs.

The analysis has shown that informal training was a priority in all SMEs. Employees responded positively for benefits of training. They all agreed that they have enjoyed some benefits after training. It went on to show that employees' level of performance after training was encouraged.

The result of benefits was shown in this from. About 102 employees expressed their views that training has given them self-confidence, 47 admitted that they need little or no supervision and 50 said they have been promoted after. The rest also responded that training has helped them to increase productivity. Only one respondent answered that training has given him incremental award. Furthermore, all the employees answered that they have gone through training and development practices that have brought more benefits to them as well as the organisation.

In conclusion, it can be said that training especially informal is a priority in every SME. This has actually assisted the employees to offer high quality

service, meeting organisational and departmental goals, reducing the cost of raw materials and others. Finally, it has brought self-confident and little or no supervision to most employees.

5.3 Recommendations

Below are some recommendations that will benefit the SME sector and the government;

1. The study revealed that SMEs have a well structured training programme in place for employees. This is a healthy development. It is therefore recommended that every SME in Ghana should make it a priority to have a well structured training programme in place for employees. This will motivate employees to work hard and stay in the establishment. That is, the rate of turnover will be reduced. Most employees would be happy to stay in their establishment so far as they have been receiving training and enjoying good conditions of service.
2. It was noted that SMEs which practice dual system of training increase productivity and help the national growth. It is therefore recommended that the government should make it a national policy that every establishment should provide or make dual system of training compulsory for every employee and should also be regular especially with formal (off-the-job) training with certificate at the end.
3. The study revealed that the associations found it difficult to organise training programmes because of lack of funds. This is not a healthy

development. It is therefore recommended that the government should also make funds and materials available to the associations NBSSI, AGI, EMPRETEC and CBRDP to train employees for the SMEs since they are the backbone of the economy. If they are properly trained, they will deliver and improve productivity.

4. The study revealed that employers face financial problems training employees. Since SMEs are backbone for economic growth, it therefore recommended that the government should subsidise the training of apprentices through Community Based Rural Development Projects (CBRDP) and create centres close to the action areas so that the employers and employees can take advantage of them.
5. It was noted that some employers do not have interest in training of employees. This is not a healthy development. It is therefore recommended that the government should organise programmes to sensitise employers to be aware of training benefits after spending money and time to train employees.
6. It was noted that some employees were looking forward for off-the-job training regularly to enhance their skills. It is therefore recommended that the NBSSI, EMPRETEC Ghana foundation, AGI and other associations should try as much as possible to organise off-the-job training programmes for all SMEs in different areas in Ghana. This should be done in consultation with the organisations so that they will prepare well for their employees to attend.

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

7. It was noted that dual system of training was not practiced by some SMEs. This is not a healthy development. It is therefore recommended that dual system of training should be organised for employees. This means that employers should not concentrate alone on the informal (on-the-job) training.
8. It was observed that employees leave after training. This is no a healthy development. It is therefore recommended that employees should not leave their establishments after employers have spent money and time to train them. They should stay and let the establishment enjoy the benefits of the training. They should also consider the establishments as a partnership, by so doing they will put in their maximum best and have competitive advantage over others. Employers should ensure that the terms and conditions of service are improved. They should institute different kinds of awards and promotions to motivate employees to stay.
9. The study revealed that NGOs have been providing training to the SMEs without the knowledge of NBSSI. It is therefore recommended that NGOs should do the training in consultation with NBSSI and other associations for the appropriate content and trainers for the training.
10. The study revealed that employees travel to far places to attend Off-the-job training. It is therefore recommended that if possible, training should be grouped at zonal, district, regional and national levels. This will be closer to the establishments and reduce the time and money spends by the employers.

11. It was observed that employers do not allow employees to attend off-the-job training because of long distance and financial problems. It is therefore recommended that facilitators or agencies which are entitled to offer the training can also move to the establishments to train the employees. This will further reduce the cost of training employees on off-the-job and save money for the employers or owner-managers.
12. The study revealed that there are no learning centres within cluster areas. It is therefore recommended that NBSSI creates learning centres within the cluster areas to facilitate the off-the-job training. For instance mechanics in Suame and carpenters in Anloga junction all in Kumasi.

5.3.1 Direction for further research

The researcher is of the view that, further research should explore employers' or owners-managers' training and how it impacts on productivity in SMEs in Ghana. This is because the literature review indicated that some owner-managers do not have training. Furthermore, through interview, Mr. Saeed Owusu Brobbey the Ashanti Regional Coordinator of NBSSI confirmed that really some employers are not interested in training. It will be in the interest of employers or owner-managers to avail themselves to training. This will help them to understand the numerous benefits of training and by so doing motivate and encourage their employees to emulate. It will also enhance their managerial skills and increase productivity.

REFERENCES

AAhad, M. O., and Ronald L. J. (2005). Technological change and human resource development practices in Asia: a study of Singapore-based companies. *International Journal of Training and Development* vol.9 p. 4.

Abban, C. K., and Quarshie, J. O. (1993). Report on Upgrading the Technical and Managerial Skills of Master Mechanics and Apprentices, Unpublised Manuscript, Ghana.

Adegbite, O. (1997). "SME Development under the Structural Adjustment programme in Nigeria," *Small Enterprise Development*, Vol. 8(4), pp. 4–17.

Santos, A. and Stuart, M.(2003). Employee perceptions and their influence on training effectiveness. *Human Resource Management Journal*, Vol. 13, (1), pp. 27-45.

Aragon, S. A., Fernandez, A. M. L., Alcazar, M. F., Sanchez, G.M., Sanz V. R. and Cabrera,V. R. (2003). La gestion estrategica de los recursos humanos, 2nd ed. Madrid: Pearson.

Armstrong, M. (2005). A Handbook of HRM Practice 9th ed. Kogan page Limited, London.

Armstrong, M. (2006). A Handbook of HRM practice 10th ed. Kogan page limited. London.

Atkinson, J., and N. Meager (1994). "Running to Stand Still: The Small Firms in the Labor Market," in *Employment, the Small Firm, and the Labor Market*. Ed. J. Atkinson and D. Storey. London: Routledge, 28–102.

Bank of England (1996), *The Financing of Technology-Based Small Firms*, Octobers, (London: Bank of England).

Bank of England (1997), *Finance of Small Firms: A Fourth Report*, January, (London: Bank of England).

Banfield, P., Jennings, P. L. and Beaver, **G.** (1996), 'Competence-based Training for Small Firms – An Expensive Failure? , *'Long Range Planning*, Vol.29 (1), pp. 94-102.

Barber, A. E., M. J. Wesson, Q. M. Robertson, and M. S. Taylor (1999). "A Tale of Two Job Markets: Organizational Size and Its Effects on

Hiring Practices and Job Search Behavior," *Personnel Psychology* 52(4), 841–867.

Barron, J.M, Berger, M.C and Black, D.A (1999). Do Workers Pay for on-the-job Training? *Journal of Human Resources*, Vol. 34, no, pp 235-52.

Barry, F. Görg, H., and Strobl, E. (2004). Multinationals and Training. Some Evidence from Irish Manufacturing Industries Scottish Journal of Political Economy, 51 (1), 49–61.

Bartel, A.P. (1994) productivity gains from the implementation of employee training programs", Industrial Relations, 33 (4), 411-425.

Birley, S. and Weathead, P. (1990) 'Growth and Performance Contrasts Between "Types" of Small Forms', *Strategic Management Journal*, Vol.11, pp.537-57.

Bishop, J (1994). The Impact of Previous Training on Productivity and Wages. In Lynch, L (ed.). Training and The Private Sector. University of Chicago Press.

Black, S., Lynch, L (1996). Human Capital Investment and Productivity. American Economic Review 86(2), pp. 263-267.

Blundell, R., Dearden, L., Meghir, C., and Slanesi, B. (1999). Human Capital Investment: The Returns from Education and Training to the Individual, the firm and the Economy. Vol.20, (1), pp. 1-23.

Bohlander G. and Snell S. (2004). Managing Human Resources. 13th ed. USA.

Bolton, J. E. (1971), Small Firms: Report of the Committee of Inquiry in Small Firms (London: HMSO).

Bowerman, B. L. and O'Connell, R. T. (2003). Business Statistics in Practice.3rd ed. McGraw-Hill/Irwin, USA.

Boxall, P. and Purcell, J. (2003). Strategy and Human Resource Management. New York: Palgrave Macmillan.

Brewster, C. (1993). 'Developing a "European" model of human resource management', *International Journal of Human resource management,* Vol. 4(4), pp.765-784.

Brown, G. (2000). Productivity in the UK: The Evidence and the Government's Approach. UK. http://www.hm-treasury.gov.uk/media/5/B/81.pdf

Budhwar, P.S. (2000). 'Strategic integration and development of human resource management in the UK manufacturing sector', *British Journal of Management,* Vol. 11(4), pp. 285-302.

Buckley, R. and Caple, J. (2004). *The Theory and Practice of Training.* London: Kogan Page.

Buller, P. F. and Napier, N.K. (1993). 'Strategy and human resource management integration in first growth versus other mid-sized firms', *British Journal of Management*, Vol. 4(2), pp. 77-90.

Cannon, T. (1997) 'Management Development and Business Performance: What Do We Know and What Do We Need to Know? ; Appendix to *Managing the Solution* (London: Management Charter Initiative).

Carl-Duisberg, G. (1991). The Dual System of Vocational Training in the Federal Republic of Germany (2nd ed.), Carl-Duisberg Gesellschaft e. V, Cologne, 34 pp.

Carmona Moreno, E., Cespedes Lorente, J.J. and Jerez Gomez, P. (2000). 'El papel de los recursos humanos en el desarrollo de capacidades estrategicas. Una evidencia empirica', Revista Europea de Direccion y Economia de la Empresa, Vol. 9(2), pp. 117-130.

Carroll, M., Marchington, M. Earnshaw, J., and Taylor, S. (1999). "Recruitment in Small Firms: Processes, Methods and Problems," *Employee Relations,* Vol. 21(3), pp, 236–250.

Cole, K. (1995),' Management Development to the Millennium', *Management Development Review,* Vol.8 (6), pp.35-9.

Competitiveness*: Helping Business to Win* (1994), DTI Publications (London: HMSO).

Competitiveness: Helping Building to Win (1996b), Consultation on a new approach to business support (London: Cabinet Office).

Constable, C.J. and MacCormick, R. (1987), *The Making of British Managers* (London: BIM/CBI).

Curran, J., Blackburn, R. A., Kitching, J. and North, J.(1996), *Establishing Small Firms' Training practices, Needs, Difficulties and the Use of Industry Training Organisations* (London: HMSO).

Dean A. S., and Norris F. K. (2002). An Intentions-Based Model of Entrepreneurial Teams' Social Cognition. *Entrepreneurship Theory and Practice,* Vol. 27, (2), pp. 167-185.

LIBRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

Demick, D.H and Oreilly (2000). Supporting SMEs Internationalizations: A Collaborative Project for Accelerated Export Development. Irish Marketing Review, vol. 13, (1), pp 34-45.

Department of Trade and Industry (1999). Small and Medium Enterprise (SME) Statistics for the UK 1996, P/99/662, August.

Deshpande, S. P., and D. Y. Golhar (1994). "HRM Practices in Large and Small Firms: A Comparative Study," *Journal of Small Business Management,* Vol. 32 (2), pp.49–56.

Donkor, F. and Mallet J. (2007). A New Approach to Apprenticeship Training: Ghana's Dual system' Ghana policy Journal vol. 1 pp.106-120.

DTI (1998), *Our Competitive Future: Building the Knowledge Drive Economy*, DTI Publications (London: HMSO).

Education Reform Review Committee (2002) Meeting the Challenges of Education in the Twenty First Century: Report of the President's Committee on Review of Education Reforms in Ghana, Adwinsa Publications, Accra, Ghana, 262 pp.

Emilio, C. and Luca, S. (2008). The Impact of Training on Productivity: Evidence from a large panel of firms.

Fahrmeir, L. and Tutz, G. (1994). Multivariate Statistical Modeling Based on Generalised Linear Models, Springer Services in Statistics. New York: Springer-Verlag.

Federal Ministry of Education and Research, Germany (undated) Reform of Vocational Education and Training.http://www.bmf.de/en/1644.php

Fielden, S. L, Davidson, M. J and Makin, P.J (2000). *Journal of Small Business and Enterprise Development*, vol7, (4), pp. 294-304.

Fisher, C.D., Schoenfeldt, L. F. and Shaw, J. B. (2003). Human Resource Management, Fifth edition, Houghton Mifflin, p. 7.

Francis Donkor and Joshua Mallet (2007). A new approach to apprenticeship training: Ghana's "Dual System''. Ghana Policy Vol. 1.

Fuller-Love, N. (2006). Management development in small firms. *International Journal of Management Reviews*Vol.8 (3), pp.175-9.

Gelderblom, A and Koning, J (1996). Evaluating Effects of Training within a

Compoany: Methods, Problems and One Application. Labour, Vol. 10, pp. 319-37.

Ghana Statistical Service (2005) Population Data Analysis Report Vol. 1: Socio- economic and Demographic Trends Analysis, Ghana Statistical Service, Accra, pp.241

Golhar, D. Y., and S. P. Deshpande (1997). "HRM Practices of Large and Small Canadian Manufacturing Firms," *Journal of Small Business Management* 35(3), pp. 30–38.

Groot, W (1999a). Productivity Effects of Enterprise Related Training. Applied Economic Letters, vol. 6, pp. 369-71.

Groot, W (1999b). Enterprise Related Training: a Survey. In Van Wierington, F and Attwell, G (eds.). Vocational and Adult Education in Europe. Kluwer Publishers, Dordrecht.

Handy, C. (1987), *The Making of Managers* (London: NEDO).

Heap, J. (2007). Stormy productivity weather ahead? Leeds, UK *International Journal of Productivity and Performance Management* Vol. 56 (2), pp. 170-177

Hendry, C. and Pettigrew, A. (1992). 'Patterns of strategic change in the development of human resource management', *British Journal of Management*, Vol. 3(3), pp. 137-156.

Hill, R., and Stewart, V. (2000). "Human Resource Development in Small Organisation", *journal of European and Industrial Training* 24(2/3/4), 105-117

Hornsby, J. S., and Kuratko, D. K. (1990). "Human Resource Management in Small Firms: Critical Issues for the 1990s," *Journal of Small Business Management,* Vol. 28(July), pp. 9–18.

IFF Research (2000). Learning and Training at Work 1999, Department for Education and Employment, Research Report RR202, DfEE, Nottingham.

Jennings, P. L. and Beaver, G. (1995), 'The Managerial Dimension of Small Business Failure', *Journal of Strategic Change*, Vol. 4 (5), pp.1-17.

Johnson, R.A. and Wichern, D. W. (1992). Applied Multivariate Statistical Analysis. 3rd ed. Englewood Cliffs: Prentice- Hill.

Kayanula, D., and Quartey, P. (2000). Finance and Development working Paper Series: the policy Environment for promoting Small and Medium-sized Enterprises in Ghana and Malawi. University of Manchester.

Keogh, W. and Stewart, V (2001). Identifying the Skill Requirements of the Workforce in SMEs: Findings from a European Social Fund Project. *Journal of Small Business and Enterprise Development*, Vol. 8(2), 140-49.

Kidney, M. (1998) "Refocusing Apprenticeship: A Model for Apprenticeship Training into the New Millennium", Proceedings of North America Web Developers http://naweb.unb.ca/proceedings/1998/kidney/kidney.html

Kirby, D. A. (1991), 'Management training and Support; in J. Stanworth, and C. Gray (eds), Bolton 20 Years on: *The Small Firm in the 1990s* (London: Paul Chapman).

Klass, B.S. (2003). Professional Employer Organisations and Their Role in Small and Medium Enterprises: The Impact of HR Outsourcing.

Kortey, B. and Slade, P. (2005). Formal Human Resource Management. Practices in Small Growing Firms. *Journal of Small Business Management*, Vol. 43(1), pp. 16–40.

Kortey, B. and Folker, C. (2007). Employee Training in SMEs: Effect of size and firm Type-Family and Nonfamily. *Journal of Small Business Management.* Vol. 45 (2), pp. 214-238.

Krzanowski, W.J. (1988). Principles of Multivariate Analysis. Oxford: Clarendon Press.

Kwarteng A. A. (2006), President's Special Initiative on Distance Learning (PSI- DL): Ghana's Experiences in the Open Schooling System, PSI-DL Secretariat, Accra, 8pp.

Laurie J. M. (2005). Management And Organisational Behaviour. 7th ed. Pearson Education Limited, England.

Loan-Clarke, J., Boocock, G., Smith, A. and Whittaker, J. (1999). "Investment in Management Training and Development by Small Business," *Employee Relations* 21(3), 296–310.

Loan-Clarke, J., Boocock, G., Smith, A. and Whittaker, J. (2000). Competence-based management development in small and medium-sized

L.BRARY
KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY
KUMASI-GHANA

enterprises: a multi-stakeholder analysis. *International Journal of Training and development*, 4:3.

MacMahon, J., and Murphy, E. (1999). "Managerial Effectiveness in Small Enterprises: Implications for HRD," *Journal of European Industrial Training* 23(1), 25–35.

MacRae, D. (1991),' Characteristics of High and low Growth Small and Medium- sized Business ', paper presented to 21st European Small Business Seminar, Barcelona, September.

Marlow, S., and Patton, D. (1993). "Managing the Employment Relationship in the Smaller Firm: Possibilities for Human Resource Management," *International* Small *Business Journal,* 11(4), 57–64.

Martin-Alcazar, F., Romero-Fernandez, P. M. and Sanchez-Gardey, G. (2007). Human Resource Management as a Field of Research. British Journal of Management, Vol. *, *_*.

Marlow, (1998). So Much Opportunity-so Little Take Up: The Use of Training in Smaller Firms. *Journal of Small Business and Enterprise Development*, Vol. 5, (1), pp 38-48.

Marshall, C. and Rossman, G. (1989). Designing Qualitative Research. Newbury Park, CA: Sage Publications.

Mason, R.D., Lind, D. A., and Marchal, W.G. (1999). Statistical Techniques in Business and Economics. 10th ed. MacGraw Hill, Inc. NY.

McNeese-Smith, D.K (1991). Impact of Leadership Behavior upon Job Satisfaction , Productivity, and Organisational Commitment of followers- PHD dissertation. Seattle University, USA.

Mikklesen, B. (2005). Methods for Development work and Research: A new guide for practitioners. 2nd ed. Saga Publications India Pvt Limited. New Delhi.

Ministry of Trade, Industry, Private Sector Development and President's Special Initiative (MOTI/PSD/PSI)/Japan International Cooperation Agency (JICA) (2006) Analysis of Questionnaires for Small and Medium Enterprises (SME) Survey in Ghana.

Ministry of Education, Youth and Sports (2004). White Paper on the Report of Education Reform Review Committee, Ministry of Education, Youth and Sports, Accra, 52pp.

Mintzberg, H., Quinn, J. and Voyer, J. (1995). The Strategy Process. Englewood Cliffs, NJ: Prentice Hall. Office of Small Business (1999). *Annual Review of Small Business 1999*. Canberra, Australia: Paragon Printing.

Mishra, A. K. and Bartram, J. (eds.) (2002). Perpectives on Distance Education: Skills Development Through Distance Education, Commonwealth of Learning, Vancouver, p.134.

Muller, M. (1999). Human Resource Management under Institutional Constraints: The Case of Germany. *British Journal of Management,* Vol. 10, pp. 31-44.

Mussie Teclemichael Tessema et al., (2005). Practices and Challenges of training and utilization of labour in sub-Ssharan Africa: the case of the Eritrean Civil Service. *International Journal of Training and Development* vol.9, p. 4.

National Board for Small Scale Industries (NBSSI) (2007). Guidelines for Coordinating Business Support Services, pp. 34-35.

Noel T. et al. (2005). Financial Challenges Facing Urban SMEs under Financial Sector Liberalization in Ghana. *Journal of Small Business Management,* Vol. 43 (3), pp. 331-343.

O'Donnell, D., McGuire, D., and Cross, C. (2006). *International journal of Training and Development* 10:1

OECD (1996). Best Practice Policies for Small and Medium-Sized Enterprises. Organisation for Economic Co-operation and development, Paris.

Osei, B., Baah-Nuakoh, A., Tutu, K.A., and Sowa, N.K. (1993). `Impact of Structural Adjustment on Small-Scale Enterprises in Ghana', in Helmsing A.H.J and Kolstee T. H(eds), Structural Adjustment, Financial Policy and Assistance Programmes in Africa, IT Publications.

Patton, D. and Marlow, S. (2000). The Relationship between Training and Small Firm Performance: Research Frameworks and Lost Quests. *International Small Business Journal,* vol. 19, (1), pp. 11-27.

Pettigrew, A. M., Arthur, M. B. and Hendry, C. (1990), *Training and Human Resource Management in Small to Medium Sized Enterprises*: A Critical Review of the literature and a Model for Future Research, Research and Development, 56 (Sheffield: Training Agency).

Pilbeam, S. and Coribridge, M. (2006). People Resourcing, Contemporary HRM in practice. 3rd ed. Pearson Education Limited. England.

Noe, R. A., Hollenbeck, J. R., Gerhart, B. and Wright, P. M. (2004). Fundamentals of human resource management.1st ed. McGraw-Hill/Irwin, New York, America.

Rowden, R.W. (2002). "High Performance and Human Resource Characteristics of Successful Small Manufacturing and Processing Companies", *Leadership and Organizational Development Journal* 23(2), 79–83.

Gallagher, C. and Robson, G. (1995). `The Job Creation Effects of Small and Large Firm Interaction', *International Small Business Journal*, Vol. 12 pp. 23-37.

Schuler, R. S. and Jackson, S. E. (1987a). 'Linking competitive strategies with human resource management practices', *Academy of Management Executive,* Vol. 1(3), pp. 207-219.

Small Business Research Centre (1992). The State of British Enterprise. University of Cambridge.

Sousa, N. (2001). Multinationals and technology transfer through labour training. Mimeo, University of Nottingham (presented at a CEPR Workshop on Labour Market Effects of European Foreign Investments, Dublin, July 2001).

Standworth, J., and J. Curran (1989). "Employment Relations in Small Firms," in *Small Business and Entrepreneurship.* Ed. P. Burns and J. Dewhurst. Basingstoke: Macmilla Education, pp.158–177.

Seber, G.A.F. (1984). Multivariate Observations. New York: John Wiley.

Steel, W.F. and Webster, L (1990), Ghana's Small Enterprise Sector: Survey of Adjustment Response & Constraints, Industry Series Paper 41, World Bank, Industry and Energy Dept, Washington D.C.

Steel, W.F. and Webster, L.M. (1991); Small Enterprises in Ghana: Responses to Adjustment, Industry Series Paper, No.33., The World Bank Industry and Energy Department, Washington

Stewart, J. (2005). 'The current state and status of HRD research', *The learning organisation* 12 (1), 90-5.

Storey, D.J. and Westhead, P. (1997),' Management Training in Small Firms: A Case of Market Failure? ; *Human Resource Management Journal*, Vol.7 (2), pp. 61-71

Tambunan, T. (2006), Micro, Small and Medium Enterprises, Economic Growth and Poverty, University of Trisakti, Indonesia

Thomson, A., Storey, J., Mabey, C., Gray, C., Farmer, E. and Thomson, R. (1997), *A Portrait of Management Development* (London: Institute of Management).

Thornburg, L. (1993), IBM's agent of influence, Human Resource Magazine 38(2)

Timmons, J. A. (1999). New Venture Creation: Entrepreneurship for the 21st Century. New York: Irwin McGraw- Hill.

Watson, M. Ladzani and Jurie, J. van Vuuren (2002). Entrepreneurship Training for Emerging SMEs in South Africa. *Journal of Small Business Management,* Vol. 40 (2), pp. 154-161.

Westhead, P. and Birley, S. (1995) 'Employment Growth in New Independent. Owner-managed Firms in Great Britain', *International Small Business Journal*, April-June, Vol. 13 (3), pp. 11-34.

Westhead, P. and Storey, D. (1996),' Management Training and Small Firm Performance: Why is the Link So Weak?; *International Small Business Journal*, Vol. 14 (4), pp.13-24.

Westhead, P. and Storey, D. (1997). Training Provisions and the Development of Small and Medium Sized Enterprises. WEE Publicatrions.

Westhed, P. (1998). Factors Associated with the Provision of Job- Related Formal Training by Employers. *International Journal of Interpreneurial Behaviour and Research,* vol. 4, (3), pp. 187-216.

Whincop, M. J. (2001). Entrepreneurial Governance. Social Science Research Network Working Paper Series. January 18.

Wilson, L. (1995), 'Occupational Standards for Small Firms', *Executive Department,* Vol. 8 (6), pp. 18-20.

Wynarczyk, P., Watson, R., Storey, S., Short, H. and Keasey, K (1993). Managerial Labour Markets in Small and Medium-Sized Enterprises. Routledge, London.

Yvonne, B. and Farr-Wharton, R. (2007). The Moderating Role of Trust in SMEs Owner/Managers' Decision-Making about Collaboration. *Journal of Small Business Management*. 45 (3), pp. 362-387.

Yvonne, B. and Farr-Wharton, R. (2007). The Moderating Role of Trust in SMEs Owner/Managers' Decision-Making about Collaboration. *Journal of Small Business Management*. 45 (3), pp. 362-387.

APPENDIX 1

DEFINITION OF CONCEPTS

Training: is the planning and systematic modification of behaviour through learning events, program and instruction, which enable individuals to achieve the level of knowledge, skill and competence needed to carry out their work effectively.

Small and Medium-sized Enterprises (SMEs): Small and Medium-sized enterprises employ employees ranging from 1-29 and 30 to 100 respectively and with fixed assets about 25,000 Ghana cedis only.

Dual System Training: involves training that is carried out in two places of learning, which is at the workplace and in a vocational school.

Productivity: is the main determinant of national living standards. It refers to how well an economy uses the resources it has available by relating the quantity of inputs to outputs.

APPENDIX 11

KWAME NKRUMAH UNIVERSTY OF SCINECE AND TECHNOLOGY, KUMASI

COLLEGE OF ART AND SOCIAL SCIENCES
KNUST SCHOOL OF BUSINESS

THE IMPACT OF TRAINING ON PRODUCTIVITY OF SMALL AND MEDIUM-SIZED ENTERPRISES IN GHANA

PART 1- TRAINING

QUESTIONNAIRE

This questionnaire seeks to solicit information about the impact of training on productivity of Small and Medium-Sized Enterprises in Ghana. This questionnaire is for research purpose only and will be given the strict confidentiality it deserves. The researcher will be grateful if you could take some time to answer the following questions by circling the number indicating training you have received in the past year.

The respondents are employees in SMEs in Kumasi Metropolitan Area, Ghana.

1. **I strongly disagree**
2. **I slightly disagree**
3. **I slightly agree**
4. **I strongly agree**

4. Training of employee is a priority in the organisation	1	2	3	4
5. My organisation provides training to employees regularly	1	2	3	4
6. Since I joined this organisation I have received training from time to time	1	2	3	4
8. My organisation provides induction or familiarization training for new entrants	1	2	3	4
9. I have received more than one on-the-job training	1	2	3	4
10. My organisation provides off-the-job training	1	2	3	4
11. Training has put confidence and skills in the employees in my organisation	1	2	3	4
12. My organisation has well structured training programme	1	2	3	4
13. My organisation insists on employee training every year	1	2	3	4
14. My organisation pays all the cost involved in training	1	2	3	4
11. The training I have received is related to my job	1	2	3	4

Source: Field data, January- February 2009

PART 2A - PRODUCTIVITY

As an employee you have many responsibilities. Following are just a few that may or may not have been important. Please circle the number indicating the contribution you feel you have been able to make your department in each area in the past year. Please try to answer accurately, and remember that no one but the researcher will see your anonymous response.

1. Slight Contribution **2. Some** **3. Medium Contribution**

4. High **5. Very High Contribution**

15. Helping to meet overall goals of organisation	1	2	3	4	5
16. Helping to meet the goals of my department	1	2	3	4	5
17. Helping to keep the cost of raw materials down in my department	1	2	3	4	5
18. Helping to keep the cost of labour down in my department	1	2	3	4	5
19. Providing a high quality of service in my department	1	2	3	4	5
6. Helping to support professional/educational growth of all employees in my department	1	2	3	4	5
7. Assisting my department to set achievable goals	1	2	3	4	5
8. Helping my department to meet deadlines	1	2	3	4	5
9. Helping to accomplish a departmental target of work in my department	1	2	3	4	5
10. Being well organized	1	2	3	4	5
20. Helping my department to be accurate/free of errors	1	2	3	4	5
21. Minimizing absenteeism	1	2	3	4	5
22. Helping to minimize turnover in my department	1	2	3	4	5
14. Helping my department to solve its own problems	1	2	3	4	5

Source: McNeese-Smith (1991).

PART 2B

16. Have you attended any training course?
    (a.) Yes ☐ (b) No ☐

17. If yes what type of training was that?

    (a) informal ☐ (b) formal ☐

(c) a and b ☐ (d) others .....

18. Before training my level of performance was

(a) fair ☐ (b) satisfactory ☐ (c) good ☐

(d) excellent ☐

19. After training my level of performance has been

(a) satisfactory ☐ (b) good ☐ (c) very good ☐

(d) excellent ☐

20. What level of training have you received?

(a) apprenticeship ☐ (b) supervisory ☐ (c) sub-managerial ☐

(d) others.....

21. Have you received any benefit after training?

(a) Yes ☐ (b) No ☐

22. If yes what was the benefit?

(a) Self-confidence ☐ (b) little or no supervision ☐

(c) promotion ☐ (d) increased productivity ☐

(e) incremental award ☐

23. Have you gone through training and developing practices?

(a) Yes ☐ (b) No ☐

24. If yes what form(s) of training and developing practices?

(a) seminar ☐ (b) workshop ☐ (c) conference ☐

(d)others.....

25. What do you recommend to improve employees?

.....

.....

PART 3- DEMOGRAPHICS

Background of respondents

Please Tick (√) as applicable

1. Age range
   (a) 18-28 ☐ (b) 29-39 ☐ (c) 40-50☐
   (d) 51 and above ☐

2. Sex (a) male ☐ (b) female☐

3. Educational Level
   a. Have not attended any school ☐
   b. G.C.E Ordinary level ☐
   c. SSS/Advanced level leaver ☐
   d. Training College ☐
   e. Polytechnic ☐
   f. University Graduate ☐
   g. Professional Course ☐
   h. Any other……
   .

4. Number of years in the organisation

(a) 1-5☐ (b) 6-10 ☐ (c) 11-15☐ (d) 16-20☐

(e) 21-25 ☐ (f) 26-30 ☐ (g) 31 and above ☐

5. Position in the organisation
   (a) Assistant Production manager ☐
   (b) Foreman/supervisor ☐
   (c) Assistant foreman ☐
   (d) Any other……

23. Annual Salary
   Ranges: (a) GH¢745.20 – GH¢845.20 ☐

   (b) GH¢846.20 - GH¢946.20 ☐

   (c) GH¢947.20 - GH¢1047.20☐

   (d) GH¢1048.20 and above ☐

24. Marital status
   (a) Married ☐
   (b) Single ☐