

**UNIVERSITY OF CAPE COAST**

**INVESTMENT IN HUMAN CAPITAL AND THE SKILLS NEEDS OF  
COMPANIES: A CASE STUDY OF PZ CUSSONS GHANA LIMITED**

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BY

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background to the study**

This chapter constitutes the general introduction to the study. It is made up of the background to the study. The background contains general and specific issues on investment in training and development, statement of the problem, the objectives of the study, research questions, scope and significance of the study and the organization of the study.

Investment in training and development has been a great concern to management of most organizations. Some of the reasons assigned to these concerns are that employee development has been seen as cost rather than an investment in the United Kingdom (UK) although this is certainly changing in some organizations. Comparatively, UK organizations give little concern to training and development compared with other European countries Harris (2002).

A view is widely held that it is difficult to provide evidence of causal link between employee development and organizational performance. Serious concern about training in the U.K. surfaced during the boom of the mid – 1980s when as a result of general expansion employers in all sectors were having to compete more vigorously for staff, a competition which exposed the underlying weakness of the skills base on the UK labour market. This problem was given added impetus by warnings about sending demographic change and

the opening of European frontiers both of which are expected to make existing skill shortages worse still. A series of reports and commentaries in the mid-1980s laid the blame for the situation firmly in the hands of the British employers who it was suggested had failed unlike their continental counterparts to invest in training Harris (2002).

British management does not actually do much training. For example, although expenditure on training is only a crude measure of activity, the comparative information that has recently become available suggests that the amount spent by the British employer is considerably less than in other countries. Leading employers in Japan, Germany and the United States of America (USA) spend three percent (3%) of turnover on training. In contrast, a 1985 survey of 500 employers in Britain with more than 25 employees found that on average the employers invested only £200 per employee per annum on training which added to only 0.15 percent (0.15%) of turnover, that 24% of firms had provided no training of any kind in the last twelve months, and that 69% of employees had received no training during this period (Keep,1989: 170).

Virtually all commentators, including both Confederation of British Industry (CBI) and Trades Union Congress (TUC) have to regard increased training as a precondition for economic success in the 1990s, a view captured by Lord Young, Secretary of State for employment in 1986.

In both service and manufacturing industries the quality and capability of employees have a direct and significant effect on the goods and service delivery process, customer satisfaction as well as company performance. The connection between workforce competence and quality output is conceptually

strong since an organization's employees often perform most tasks. Increasing trend of globalization with its consequent increased competition amongst organization dictates the need for constant growth and development of staff in any work setting. Workers are being poached by organizations that have strengths in training and development for their employees. Employees that leave their organizations do not see any better development strategies in their work settings. This leads to depletion of the competent work force and can lead to collapse of the organization. For organizations to survive in this robust environment, they should put in a well thought out human capital development plans to build capacity to curb this menace.

Most workers of PZ Cussons Ghana Limited already have personal career development goals and it is appropriate that these goals are aligned to that of the company (Janney, 2007). Several workers embark on their own career development programmes by attending evening schools, using their annual leave to write examinations or rewrite examinations. Others have to resign for the purposes of furthering their education to develop themselves and these create problems for the company. There are cases where opportunities for growth in the organization elude staff just due to the fact that they do not possess the requisite skills for that position. In cases where the organization recruits people with no experience from outside the company, The existing employee perceived not to have the right skills become discouraged. Perhaps the growing concern in recent times for the increase human capital development programmes is to help:

- Enhance each employee's current job performance
- To enable individuals to take advantage of future job opportunities

- To fulfill the organization's goals for a dynamic and effective workforce.

Labour is the workforce of an economy. Each worker has a unique set of inherent characteristics, intelligence, manual dexterity and emotional stability. A worker is also a product of education and training. The value of a worker is called human capital. It is therefore a standard analysis to believe that skills gained through training and development can alter the productivity of an individual.

The importance of investment in training and development of labour can be summarized as follows:-

- Ensures efficiency in work;
- Makes the employee more useful to an organization;
- Brings about productivity and promotes the growth of the organization and economy and
- Leads to better income and quality of life.

Despite these immense benefits, some organizations for some reasons fail to sponsor or organize training and development programmes for their workforce.

### **Statement of the problem**

In Ghana, there are a number of organizations that do not budget adequately for training and development of their employees. Others do not budget or provide funds at all for such purposes. For instance, Ghana Education Service which used to grant study leave with pay and also organizes training programmes for its workers has now reduced drastically the number

of teachers that are granted study leave with pay due to the fact that a lot of teachers leave the classrooms for further studies thereby creating vacancies in the classrooms. Another reason is that some of the teachers go for further studies in courses that are not approved by the Ghana Education Service which implies that such courses are not relevant to classroom teaching. Some other reason assigned to this action is the huge cost incurred by the Ghana Education Service for paying teachers on study leave and also paying new teachers who are recruited to fill the vacancies created by teachers who go on study leave, (Daily Graphic, 2005). A brief interaction with some staff of the company suggested that though opportunities exist for training programmes, some staff do not have the privilege to benefit from such programmes due to lower educational background, inadequate financial resources, nepotism on the part of supervisors and training programmes are meant for some section of staff among others. Employees who do not see any chance for career progression through training programmes do resign.

The problem of the study can be summarized as follows:

- Some organizations refuse to sponsor or organize, training and development
- programmes for their employees by not committing financial resources into training and development of employees.
- Some employees who sponsor themselves and work at the same time incur the displeasure of their superiors.
- Some employees are forced to resign
- Others go on study leave without pay.

- Some few selected employees participate in training and development programmes.
- Training and development department mostly do not have maximum support of management board.
- The researcher has chosen to study PZ Cussons Ghana Limited and find out the extent at which training and development opportunities exist there.

### **Objectives of the study**

The general objective of the study is to ascertain the relationship between investment in training and development of labour, and the performance of labour in PZ Cussons Ghana Limited.

Specifically, the study would seek to:

- Explore the extent at which training and development programmes are supported by management.
- Find out the kind of training programmes that are organized.
- Examine the appropriateness of the training and development programmes in meeting the needs of the employees and that of the organization.
- Explore strategies to make organization of training and development programmes more beneficial to organization.
- Make recommendations to human resource policy makers in PZ Cussons Ghana Limited.



### **Research questions**

- To what extent does management of PZ Cussons support training and development programmes in the organization.
- What type of training and development programmes are organized by PZ Cussons.
- To what extent is training and development programmes linked with the needs of labour and organization.
- How does investment in training and development programmes causes increase in performance of labour.

### **Scope of the study**

The study focuses on analyzing investment in training and development of employees of PZ Cussons Ghana Limited and how such programmes contribute to the performance of employees and the organization. Specifically, the study will look at the training policy of PZ Cussons Ghana Limited, the budgeting allocation of training programmes, needs assessment of employees and the organization, how trainees are selected, the selection and background of trainers, the quality of training materials and approaches of human capital development programmes. The study will go further to look at how effective are the programmes? What mechanisms are put in place to evaluate the programmes and to ensure that employees bring to bear the knowledge and skills that they have acquired, to improve production process and service delivery at PZ Cussons Ghana Limited.

The researcher chose PZ Cussons Ghana Limited because he is a stakeholder therefore he wanted to examine ways that employees can be made

to give off their best through training and development programmes. It is therefore hopeful that the study will give a fair indication of what pertains in other organizations.

### **Significance of the study**

- It is believed that the findings could provide human resource management practitioners, management and board of directors of organizations with more refined information on the benefits of investment in human capital development programmes for employees.
- The study could also reveal other appropriate ways of motivating and retaining employees to enhance their performance as well as that of other organizations.
- It is believed that the study could also form implications for further research work in other aspect of human resource management and development.
- Finally, the study would add a new dimension to current thought and research on important areas of human resource development.

### **Organisation of the study**

The dissertation has been divided into five chapters. Chapter one looked at the introduction of the study which include; background of the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study and organisation of the study. Chapter two dealt with the review of related relevant literature from both

published materials such as books, journals, magazines, articles, research findings, among others and unpublished materials such as research work, thesis and dissertations presented by students for their degrees. It reviews topics such as meaning of human capital development, human capital theories, meanings and aims of training and development, training and development as investment, training needs assessment, approaches to training and development and evaluation of training and development programmes, and some empirical evidence. Chapter three is devoted to the examination of the methodological approaches to the study. The chapter includes introduction, research design, targeted population, sampling and sampling procedure, research instruments – questionnaires, fieldwork and challenges. Chapter four is made up of presentation, analysis and discussion of findings and chapter five focuses on summary, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **Introduction**

This chapter reviewed terms, concepts, theories, and empirical literature postulated by other researchers and writers. Some of the concepts and theories reviewed include: Human capital development, human capital investment, human capital theory, training and development; training and development as investment, value of training policy, training needs assessment, methods of training and evaluation of human capital development programmes and some empirical evidence.

The researcher delved deep into these concepts and theories. The preceding pages provide information in the findings on the various literatures reviewed.

#### **Human capital development**

Labour is the workforce of an economy. Each worker has a unique set of inherent characteristics including intelligence, manual dexterity and emotional stability. Again, workers are also the product of education and training. The value of a worker is called his/her human capital. It is a standard analysis to believe that skills gained through education, training and development can alter the performance of an individual and the wages he/she

received. This body of knowledge has made a great number of economists to develop a keen interest in human resource development.

Acheampong (2006: 9) broadly defines Human Resource Development (HRD) as the process of building the knowledge, the skills, the working abilities, and the innate capacities of the people in society. He noted further that “Human resources constitute the ultimate basis for the wealth of nations. Capital and material resources are passive factor of production, human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward development. Clearly, a country which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything else.

The level of HRD is the central driving force in the achievement of economic development in developed countries. Many economists believe that the key asset that propelled their self sustained economic growth and development is not their physical capital but the body of knowledge amassed by empirical science coupled with the ability to train and equip the population to use knowledge effectively. The production function is relevant to HRD because it spells out the issues raised above. It may be specified as follows:

$Q = f(N, L, K, R)$  Where Q is Output, N is Natural Resources (Mineral, Sea, Land) L is labour (human resource), K is capital, R is entrepreneurship and technological know how. From the production function it can be observed that human resource plays an important role in generating output and for that matter the economic development of a country. The other factors of

production are passive tangents of production since it is their human resource that organizes than to make production possible (Acheampong, 2006).

Human capital has been defined by Todaro (1992: 493) as productive investments, embodied in human persons which include skills, abilities, ideas, health and others that results from expenditures an education, on-the-job training programmes and medical care. According Todaro (1992) human capital is the principal source of economic progress in developed nations. Schultz (1961) also defines human capital as the investment in the acquisition of skills and knowledge which contributes to output in the form of labour. Human capital refers to that part of the productive power of human or labour resources resulting from investment in educating or training. This is called investment in human capital since it implies the same economic sense of investment done in material capital to generate more additional product output.

Human Capital is an investment in that factor of production which serves as a central driving force for the achievement of economic development. Human capital can also be explained as the acquisition of education, training, knowledge and skills that can make the individual more productive and versatile.

### **Human capital theory**

Since human capital is regarded as the central driving force in the achievement of economic development, many economists took the interest in studying human capital development. This brought about various theories on “Human Capital” by great economists such as Schultz (1961), Denison (1962),

Becker (1964), Harbison and Myers (1964), cited by Acheampong (2006: 12). The theory made attempts to prove formal education as a great instrument which could be used in improving the productive capacity of people.

Schultz (1961) contends that human capital is measured by what labour contributes to output and that the productive capacity of human beings is vastly larger than all other forms of wealth taken together. Various theorists argued that the human capital theory has a branch that analyses people's decision about education and training. They stated that factors such as love of learning, desire of prestige and a lot more other preferences influence decisions on education. The theory has wide implications on reasons why graduates of higher school learning should earn more than those of lower learning. The theorists place emphasis for jobs that require more education to be paid higher wages as financial returns on the human investment made.

The Human Capital theorists assume that students who attend high school and colleges acquire skills that are relatively productive in the market place and that educational institutions are factories for producing productive workers as output out of less productive workers. Schultz (1961) gives an analogy of the United States indicating that well over half of the cost of higher education consists of income forgone by a student which in the 1900 accounted for about one-fourth of the total cost of elementary, secondary and higher education. The percentage rise in educational cost was about three and half times as large as in consumer income which would imply a high income elasticity of the demand for education, if education were regarded as pure consumption. He further explained that educational cost also rose about three-and-half times as rapidly as did the gross formation of physical capital in

dollars. If education were to be treated as pure investment, this result would suggest that the returns to education were relatively more attractive than those to non-human capital.

In the human capital theory, education is an investment that produces benefits in the future. Detailed theoretical framework propounded by Schultz and others have been accepted globally, leading to wholesale adoption of education and development policies to improve the productive capacity of a country. The Philosopher-Economist Adam Smith supports Schultz's theory and concludes that the acquired and useful abilities of all the inhabitants of a country should also be taken as part of capital. Schultz (1994) stated that in the 1950s it became clearer that the concept of an aggregate production function relating input of labour hours, land and capital to national output failed to account for modern economic growth in United States since 1870. According to Schultz *ibid*, interest in growth theory could be linked to the work of Lucas (1986) and Romer (1988) cited by Schultz (1994); Schultz stated that one of Lucas' hypotheses was that human capital should be factored back into aggregate production functions, and that apparently this empirical practice had not been accepted fully in the growth theory literature of the 1960s. Also, there had not been much attention directed to empirical implications of growth models.

Schultz (1994) in his paper drew a conclusion amongst others that "Human Capital": is an important determinant in modern economic growth and a central factor in explaining differences in per capita income across countries. He also added that measures of the stock of human capital should be improved and disaggregated. Human capital refers to a worker's investment



in education and training which enhances the quality of labour. They go on to say that, given the same amount of time, and capital equipment, any given number of workers who have been trained and are highly skilled would produce a greater quantity of output than the same number of workers who are untrained and unskilled. Thus investment in human capital provided high rate of returns in the form of increase productivity and income.

The first training decision that a company has to make is not necessarily concerned with whom to train. Instead, the company needs to start by considering whether to buy the new skills they require in the labour market by hiring properly skilled labour, or whether it is preferable to acquire the new skills by training the company's present staff. If the company decides to invest in its current personnel, then it is faced with a multitude of highly interrelated questions: Who are to be trained? What kind of training is needed? How extensive is the training to be among others. Of these questions, the empirical literature has paid considerable attention to trying to unravel which personal and company characteristics most strongly influence the probability that an employee will participate in employer-provided training. Considerably less is known about the determinants of the extent of the training.

After the training investment has been made, logically the focus turns to the effects to the training. As will be evident in the following discussion, there has been very little research to date on the impact of training on the trained employees and their untrained colleagues, on the performance of the training company. Moreover, the vast majority of existing research has been restricted to the UK and the USA.

## **General versus specific company training**

The theoretical literature on training has departed from the pioneering contributions by Becker (1964) and Mincer (1974), who drew a base line between general and firm specific training. While employees themselves need to pay for their general training, companies are usually willing to share both the cost and the benefits arising from investment in the firm-specific training with their employees. When sharing is optimal, the firm-specific investments of the two parties are also optimal, while at the same time, the risk of human capital losses due to quits or layoffs are reduced, (Hashimoto, 1981).

However, recent research does not lend support for this traditional theoretical view. A growing number of studies suggest that companies provide their employees with a considerable amount of general training, and also pay for this training. Using US data on youth, it was found that employers pay for nearly all off-the-job company training, of which a large portion appears to be essentially general. European Community Household Panel (ECHP) data reveal that European employers tend to pay for training that can be considered to generate skills of a more general in nature, (Booth and Bryan, 2002).

A rapidly expanding theoretical literature is attempting to identify the conditions under which companies are willing to sponsor general training, while the empirical evidence in support of the predictions derived from these theoretical models is only just starting to emerge. A few recent contributions are referenced below, all of which contain reviews of the previous literature in the field of employer-supported general training. But before turning to these studies, the question has been put forward whether it is meaningful to distinguish between general and specific company training.

Lazear (2003) argues that there is no firm-specific training. Instead, all skills can be seen to be essentially general in the sense that they are used by other companies as well.

### **Training and development**

According to Cole (2002), training is understood as any learning activity which is directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task and that the focus of training is the job or task. Examples of training needs are: the need to have efficiency and safety in the operation of particular machines or equipment, the need for an effective sales representatives and the need for competent management in the organization.

According to Harris (2002), training and development may be defined as planned effort by organization to increase employee's competencies. Some of the reasons he assigned to the importance or reasons for training and development are:

Changes in the work place and the work force – both the work place and the work force are going through many changes. In terms of the work place, increased used of high technology (e.g. computer aided design, robots and the internet), continuing shift from the manufacturing to a service economy, and the increasingly global business world necessitate organizing employing training and development programme. The U.S. work- force is changing as increasing numbers of immigrants with limited educational background force organizations to provide training and development programme.

Maintaining competitiveness and improving productivity. Training and development are essential for maintaining global competitiveness. Japan and Germany, two of our major business competitors, have outstanding training and development programmes that help them maintain high levels of productivity and flexibility. From an organization perspective, training and development programmes can have a large pay off in productivity improvement. Many companies have experienced productivity gains from their training and development programmes.

Harris (2002) states that companies spend enormous amount of money on employee training and development. Although estimates vary, \$55 billion (or \$504 per employee) is probably a reasonable estimate of the amount spent by U.S. companies on formal training annually.

Although this may seem like a great deal of money, some experts have argued that companies do not spend enough money on employee training. First, the vast amount of this money is spent by a small number of large companies, such as GTE, Xerox, Federal Express and Boeing. Second, the amount of money spent on training is only about 1.5% of organizational budgets. While the company spending the most on training (high technology) paid an average of \$911 annually per employee, companies spending least on training (customer service) expended only \$162 annually per employee. Thus, the majority of the companies, particularly small business spend relatively little money on training and development. A typical firm has about 1 trainer for 500 employees. Cutting edge firms employ 1 trainer for 135 workers.

Table 1 reports the average number of hours spent training different groups of employees. About 84 percent of companies provide training to

professional and technical employees, managerial employees and sales and clerical employees, while about half provide training to service employees. About two-thirds of companies provide training to production and construction workers. Of the companies that provide training, the average number of hour spent annually to provide training ranges from 8 to 44.

**Table 1: Types of workers receiving training and average number of hours**

Job group	Percentage of Employees receiving Training (%)	Average number of hours annually per employees
Professional & technical	84	44
Sales and Clerical	73	20
Production and construction	66	30
Service	50	11
Managerial	80	8

Source: Adapted from Harris (2002)

Table 2, provides summary of the most common areas of training provided by companies. The most popular categories, besides new employee orientation management skills and computer skills, are job-specific technical skills and safety - related and team skills.

A widely established contention, supported by aggregate statistics, is that the probability of receiving employer-provided training increases

substantially with the individual employee's level of education. This positive association between the acquired formal education and subsequent training has also received strong support in empirical analyses based on individual-level as well as employer-level data.

**Table 2: Types of training provided by companies**

Types of training	Percentage of companies providing Training (%)
New- Employee orientation	94
Management skills	93
Basic computer skills	91
Job-specific technical skills	88
Safety-related skills	84
Team skills	77
Customer service	76
Sales	53
Remedial and basic education	50

Source: Adapted from Harris (2002)

Moreover, a recent study of ten EU countries, Arulampalam et al (2003) show that this complementarity between training and education holds for both men and women. On the other hand, Oosterbeek (1995) argues that the positive correlation between formal education and company training is simply due to the omission of ability and self-selection problems in the undertaken analyses; better-educated individuals reap a higher return on their investments in training and have, as a consequence, a stronger preference for

training than less-educated individuals. His results point to no significant correlation between education and training on the employer's side. Similar findings were reported by the OECD (2003) in the sense that the lower incidence and intensity of company training of less-educated employees as compared to their more educated counterparts seem demand-rather than supply-driven.

A characteristic closely related to employees' formal education is their occupational and/or hierarchical status. A broad-based generalization of the existing evidence is that both the incidence and the intensity of company-sponsored formal training vary considerably across occupations, and typically increases when moving up the hierarchical ladder. The empirical evidence offers few, if any, explanations for these differences. One potential reason is that training needs are very different in different occupations and at different hierarchical levels. Alternatively, the need to supplement skills learned in school may differ across occupations and hierarchical levels, a reasoning that might also apply across industries.

There is, however, empirical evidence that contrasts sharply with these contentions. Using data on young males in US manufacturing industries, Bartles and Sicherman (1998) found no occupational differences in training incidence across production workers employed in manufacturing industries with very low levels of technical change. At higher levels of technological change, on the other hand, craftsmen receive significantly more formal training than other production workers. Among non-production workers, in contrast, clerical and unskilled workers received the least training with low levels of technological change.

Since men and women are typically investigated separately when it comes to training, there is notably more information on gender differences in training participation rates than on gender per se as a determinant of the incidence and intensity of training. OECD (2003) found no significant difference in training participation rates between male and female employees. A similar finding was reported by Arulampalam et al (2003) for six out of the ten EU countries analyzed based on the ECHP data. For four of the countries, women were found to be more likely than men to participate in training.

Larger companies are much more likely to provide their employees with formal training than are smaller companies. In addition, the extent of training tends to be positively related to the size of the employer. Several potential explanations for this divergence in training provision between differently-sized employers have been put forth in the literature, but none of them has been subject to rigorous empirical test. Among these explanations are the higher training-related fixed costs in smaller companies and more concern among smaller employers about trained employees being hired away by competitors.

Despite the theoretically asserted crucial association between technological progress and training, few studies have explored this link empirically. Empirical research on this issue is all the more important, as no clear prediction on the sign of the relationship between technological change and investment in training can be derived from economic theory. According to a study by Bartels and Sicherman (1998) using US data on young males employed in manufacturing, production workers in manufacturing industries with a high rate of technological change are more likely to receive formal



company training than their colleagues employed in manufacturing industries characterized by low levels of technological change. The results also suggest that higher rates of technological change increase the pool of trainees. Technological change does not, however, seem to increase the number of hours spent in training (Bartels and Sicherman, 1995).

Tripathi (1991) thinks of training as the act of increasing the knowledge and skill of an employee for doing a particular job. It is concerned with imparting specific skills for particular purposes. According to him, the terms “training”, “education” and “development” are closely related but their meanings have important distinctions. Education is concerned with increasing general knowledge and understanding of employee’s total environment. Development is broad. Its definition includes training and education. He is of the opinion that development aims at improving the overall personality of an individual. The term is mostly used in the context of executives only. The following are some important distinctions between training and development:

- Training is meant for operatives. Development is meant for executives.
- The aim of training to develop specific skills in the individual whereas
- Development aims to develop the total personality of the individual
- Training is a non-short affair but development is a continuous process.
- The initiative for training comes from management. However, the initiative for development comes from individual himself.

- Training is mostly a preparation to meet an individual's present needs but development is to meet his future needs (Harris 2002, p.229 – 230).

Cole (2002) also thinks in the same direction as Tripathi (1991). He asserts that development is any learning activity which is directed towards future needs rather than present needs, it is concerned more with career growth than immediate performance. To him the focus of development tends to be primarily on an organizations future manpower requirements, and secondly as the growth need of individual in the workplace.

Poole and Warner (1998) see training as any systematic process used by organizations to develop employees' knowledge skills, behaviour or attitudes in order to contribute to the achievement of organization goals. It referred to training as human resource development. Training is used to improve the performance of employees in their present position to which they are likely to be promoted in the future, and to respond to changes in the workplace, such as new technology and system, internationalization, global competitiveness and the need for greater service orientation. In addition, it is believed that training is provided by governments and organizations to improve the future employability of the hard core unemployed, underemployed minority groups and workers whose present skills are becoming obsolete. Training is directed towards employees at all levels of the organization from workers on the shop floor through to executives and covers applications from specific technical skills to complex social and cognitive skills.

According to Wright et al (1990:192), training is designed to permit learners to acquire knowledge and skills needed for their present jobs. Showing a worker how to operate a lathe or a supervisor how to schedule daily production, is an example of training. The recent growth in training activity stems from the need to adapt to environmental changes to improve the quality of products and services, to increase productivity. Whereas development involves a longer term focus that looked beyond today and today's job preparing employees to keep pace with the organization as it changes and grows.

Training can also be defined as the process of teaching a new employee the basic skills needed to perform the job. To him, training refers to the methods used to give new or present employees the skills they need to perform their jobs. Judy and D'Amico (1997) view training as a trend that has brought about technological changes in corporate goals, as a result of improvement in cognitive and interpersonal communication skills through the systematic updating of knowledge and skills.

Raymond and Rinderer (1991) posit that training is the participation in learning activity by the individual to update his/her skills, knowledge and competencies. Training must be a continuous process, must be planned systematically in order to accomplish the desired results efficiently in the organization as well as the employee. The author further states that the effectiveness of training can be appraised by written and oral tests, by observing the trainees when put on the job independently and comparing results after the training initiated. We can therefore, infer that training relates

to a process through which the individual's behaviour is modified through learning activities.

The behaviour modification would lead to the acquisition of skills and improves the individual's performance in his daily life. Training would also enhance the Individual's levels of achievement and would result in increased productivity, improved employee morale and the reduction of employees anxiety. Walker (1992) captures it all, when he stated that training has become increasingly vital to the success of modern organizations. Indeed, organizations often compete on the competencies – the core set of knowledge and expertise that give them edge role in nurturing and strengthening these competencies and in this way become part of the backbone of strategy implementation.

In addition, rapidly changing technologies require that employees update their knowledge, skills and abilities to cope with such technologies. Jobs that require few skills are rapidly being replaced by jobs that require technical, interpersonal and problem solving skills. Other trends towards empowerment, total quality management, team work and International Business make it to develop the skills that will enable them to handle new and more demanding assignments. Training is viewed as an integral part of core organizational strategy rather than an ad hoc operational issue. Similarly the role of training is not seen exclusively in instrumental terms but also an important employee motivator contributing to recruitment and retention opportunities.

## **Effects of company training on turnover**

Both human capital and internal labour market theories predict a negative relationship between specific training and turnover. According to the human capital model (Becker 1964), both the employee and the employer have an incentive to maintain a long-term employment relationship in order to realize a return on their shared investment. Since the period available to recoup such an investment lengthens if the employee is trained earlier, specific training can be expected to be negatively associated with tenure on the job. The internal labour market theory, developed by Doeringer and Piore (1985), in turn advocates that the higher the company's need for specific skills and accordingly, its training cost, the more motivated the company is to structure its internal labour market to discourage turnover among its employees. In a similar vein, more recent theories focusing on the re-organisation of production, work and companies, with the ultimate goal of improving the capability to respond to new technology and increase competitive pressures, emphasize the role of training as well as of the workplace and, hence to discourage turnover.

A common feature of these theoretical strands is that the company's efforts to reduce turnover are taken to be driven by its need to impart specific skills. However, this presumed negative association between company-provided training and turnover has recently been given an alternative interpretation. Existing empirical evidence on the association between the provision of training and subsequent turnover is mixed in the sense that some results point to a significantly negative relationship, while others indicate that the relationship is negative but non-significant (Krueger and Rouse, 1998).

## **Training and development as investments**

Human Capital Investment is an investment in that factor of production which serves as a central driving force for the achievement of economic development. Human capital can also be explained as the acquisition, training and skills that can make the individual more productive and versatile. Human capital investment means investment in training and development which enhances the quality of labour. Given the same amount of time, and capital equipment, any given number of workers who have been trained and are lightly skilled will produce a greater quantity of output than the same number of workers who are untrained and unskilled. Thus investment in human capital proves high rate of returns in the form of increase productivity and income.

In this sense, participating in training and development programmes can be thought of as an investment in yourself – a human investment. Like a firm that devotes more of its money to building a plant that will yield profit at some future date, you are investing in your own future to make you more productive. Economists call activities like participating in training and development programmes, investment in human capital because such activities give the human being many attributes of a capital investment.

According to human capital theory, average differentials exist to a large extent because of differing amounts of investment in human capital. Investment in human capital which is an expanding time on education includes general and specific education, formal and informal education, on the job-training and so on which is the most obvious and perhaps important kind of investments in human capital. Education contributes to a labour force which is more skilled and more productive.

Human capital is that part of the productive power of human labour resources resulting from investment in education or training. Large part of education services must consist of the development of human or labour resources. This is called investment in human capital because in an economic sense, it is very much the same thing as investing in machines, buildings and other capital. People invest in additional non-human capital, whenever it is proved to generate enough additional products output that repay more than the new investment cost. It is believed that it pays for individuals and organizations to invest in human capital – additional education- if the increase in education increases the earning power of the person being educated by more than the cost of the additional education. Just as investment in non-humans capital is expected to increase and expand the capacity of capital resources to produce, so is a large part of investment in human capital expected to augment the capacity of labor resources to contribute to gross national product.

Investment in human capital is in no sense restricted to the provision of vocational education. Classical education - language and literature, the humanities, the fine arts, philosophy and the like – broadens and deepens peoples capacity to think, act and enjoy thereby increase their productivity in an economic sense. In many cases employers of college and university graduates are just as interested in hiring students with broad liberal arts degrees as they are those trained to specific vocational majors. What they want are bright individuals who know how to think and how to accept responsibility.

Todaro (2000: 115–116) also argues that investment in human resource can improve its quality and thereby have the same or even more powerful

effect on production as an increase in human numbers. He believes that formal schooling, vocational and on the job training programmes, and adult and other types of informal education may all be made more effective in augmenting human skills and resources as a result direct investments in buildings, equipment and materials (e.g. books, film projectors, personal computers, science equipment, vocational tools, and machinery such as lathe and grinders). The concept of investment in human resources and the creation of human capital are therefore analogous to that of improving, the quality and thus the productivity of existing land resources through strategic investments. He says all these phenomena, and many others, are forms of investment that lead to capital accumulation.

Middleton et al (1993: 39) held the view that it has long been recognized that education and training can play a central move in raising of earnings, job prospects, and life chances of individual. To them, expenditures on education and training are now widely seen as investment augmenting individuals 'human capital' and leading to greater output for society and enlarged earnings for the individual workers. Inherently, individuals differ in productive capacity; human capital concept emphasizes the possibility of augmenting the productive potential of individuals. They believe the greater productivity and enhanced earnings do not; of course, encompass all the benefit of streaming from education, for individuals organization and society as a whole. The benefits of education are more widespread and far-ranging. The value of education as investment in future work-related benefits extends not only to higher income but that also to utilize such opportunities as status, job security, and other income in kind.



Middleton et al (1993) focus on the human capital dimension in which education is seen as process that improves an individual's skills and abilities, and therefore his or her productivity in the workplace, thus to the extent that it raises the skills of the worker and therefore productivity. Greater educational attainment is expected to increase the economic output of goods and services and more generally to constitute to the process of economic development.

Formation of human capital not only leads to higher worker productivity, but also contributes to economic development through its positive effects on the rate that workers are absorbed into the economy that their job mobility, that is ability sectors and occupations. Investment in human capital also has positive effects on the supply of entrepreneurial activity and perhaps most important technological immigration through workers enhanced ability to apply and adapt existing knowledge processes as well as new discoveries.

Employee development has traditionally been seen as a cost rather than an investment in the UK, although this is changing in some organizations. Comparatively UK organizations give little support to training and development compared with our European partners.

Torrington and Hall (1998: 403) "it is widely believed that it is difficult to provide evidence of a causal link between employee development and organizational performance". This is partly because the terms 'employee development' and 'business success' are poorly defined. They believe Employee development is necessary an act of faith. It is so difficult to tie down performance improvements to the development itself (aside from other influences) and to understand the nature of causal link. For example is

performance better because of increased or different employee development, because the reward has improved, or because we have a clear set of organizational and individual objective? If there is a link with employee development initiatives, is it that employee have better skills or are better motivated, or they have been selected from a more able group of candidates attracted to the organization as it offers a high level of development?

### **Productivity effects of company training**

The effects of employer-provided training on the company productivity have typically been evaluated indirectly by means of its impact on wages. A major shortcoming of such an approach, however, is that wages are suitable as a direct measure of productivity only in a traditional neoclassical labour market. In a situation where both the costs and benefits of training investment are shared by the employee and the employer, the result is an underestimation of the wage effect in terms of productivity.

A slowly growing literature attempts to measure the productivity effects of company training directly, typically through the use of standard Cobb-Douglas production function. A common feature of earlier studies in this field is rather weak evidence in support of the existence of a clear-cut, non-negligible positive association between company training and productivity.

A study by Dearden et al (2000) based on a panel of British industries covering the years 1983 to 1996 reported that training significantly boosts productivity and, moreover, to a much larger degree than indicated in previous studies focusing entirely on the wage effects of training. The underestimation

of productivity effects of company training is argued to be due to two major circumstances. Firstly, companies usually make training decision for some particular reasons such as negative demand shocks or low productivity, implying that training should be treated as an endogenous factor instead of being taken as exogenously determined. Secondly, their estimated wage effects of training are found to be only about half of those on industrial productivity. Addison and Belfield (2004) reported a positive impact from training on both labour productivity financial performance in British private-sector establishments with at least 10 employees. An advantage of their study is that they explored the impact not only on the incidence of training but also of the duration and coverage of training, A disadvantage is that they are restricted to the use of subjective measures of labour productivity and financial performance obtained from management questionnaires.

It was recently reported that there is a positive productivity effect of training for the service sector in Germany based on data covering the period from 1994 to 1998. Positive, albeit rather modest, productivity effects were noted in the Swedish machine tool industry in a study by Kazamaki Ottersten, (Lindh and Mellander: 1996). They explained the small productivity impacts of company-sponsored training by second-order effects of the company training expenditure yielding substantial cost savings in the long run. Black and Lynch (1999), finally, found no impact of training on sales in private US establishments with more than 20 employees, but noted that their measures of training (number of employees involved in training in, respectively, 1990 and 1993) obviously underestimated the true return. When they accounted for other dimensions of training, their evidence becomes more compelling. More

specifically, the productivity effect appears to be strongly dependent on the proportion of time spent in formal off-the-job training (for manufacturing) and also on the content of the training programmes (for non-manufacturing). All in all, focusing merely on the wage effects of training overlooks the fact that companies profit substantially from the training they provide their employees.

Finally, while the existing evidence points to significantly positive productivity effects from external or general training, the effects of internal or specific training are typically estimated to be negligible. Results pointing in these directions have been obtained by Dearden et al (2000) for the UK, Barrett and O'Connell (2001) for Ireland and Zwick (2002) for Germany. It is hypothesized that this outcome is due to more formal company training having a more lasting impact on productivity.

A number of triggers for employee development activities which include:

- Organisation strategy
- External labour milt shortage
- Changes in internal labour milt needs
- Changes in internal system and values and last but not the least
- Government initiatives and external support

### **The value of training policy**

A successful business operation within a framework of coordinating policies related to investment in buildings and equipment, markets and people. Since people are so important to industry it makes good sense to have a well thought out policy for training. The policy should be a statement of the role

training will play in the business; its consequent benefit to the customer, emphasizing company commitment to meet identified training needs and related further education of its staff, indicating company interest in staff careers. Such policy will then guide decision makers by:

- Making clear the approach to training.
- Indicating the training responsibilities.
- Outlining what resources (people and cash) can be set aside for training purpose.
- Forming the basis for letting all the staff know the company's training intentions.

If it is to be effective, the training policy must be realistic, reflect the business needs of the company and take account of other business policies. Tripathi (1991) suggests that it is always essential for an organization, whether big or small, to have a comprehensive training and development policy which should incorporate details on the following parts:

- The place of training in the company management
- The objectives or intents to be covered in company training.
- Determination of training and development needs.
- Selection of trainees
- Training methods for operatives and executives
- Evaluation of training programmes.

### **Training and development needs assessment**

Ultimately, the goal of human capital investment is to improve organization's effectiveness by:

- Solving current problems within the organization such as an increase in customer complaint;
- Preventing anticipated problems (for example strategy of skilled technicians),
- Including as participants those individuals and units that can benefit most

In short, HRD is effective if it is successful in addressing organizational needs. How are these needs identified? The answer lies in conducting needs assessment.

De Simone and Harris (1998: 97) define needs assessment as a process by which an organization's human resource development needs are identified and articulated. They say it is the starting point of the training process. They again posit that a needs assessment is a study that can be used to identify:

- An organization goals and its effectiveness in reaching these goals.
- Discrepancies between employees skills and the skills required for effective job Performance
- Discrepancies between currently skills and the skills needed to perform the job successfully in the future.
- The conditions under which the training activity will occur.

Despite its importance, many organizations do not perform a needs analysis as frequently or as thoroughly as they might. This is because, a needs assessment can be difficult, time-consuming process, managers, value action over research, managers think needs assessment is unnecessary because available information already signifies what the organizations needs are and the lack of support for needs assessment.

## **Training needs**

Training is designed to help the organization accomplish its objectives and determining organizational needs is the diagnostic phase of setting training objectives.

According to Cole (2002: 339), training need is basically any shortfall in employee performance or potential performance, which can be remedied by appropriate training. He believes there are many ways of overcoming deficiencies in human performance at work and training is one of them. He said sometimes training staff are asked to meet needs which ought to be dealt within some other way, such as improving pay, replacing machinery or simplify any procedures.

Harris (2002: 3422) sees training needs analysis as an assessment by the organization of its employees training needs. He postulated that training needs analysis answers the following questions:

- What competencies do employees need?
- Are some employees deficient in these competencies?
- Will training solve the deficiencies?

According to De Simone and Harris (1998: 98) the concept of need typically refers to a discrepancy between what an organization expects to happen and what actually occurs. They are of the view that needs can exist in any of at least three levels, considering the organization, the job and the individual. To ensure an effective training efforts, needs must-be measured on each level.

Harris (2002) also holds the notion that training needs analysis is a three-step process.

- An organizational analysis
- A task or competency analysis and
- A person analysis

According to Haris (2002), the purpose of organizational analysis is to examine the organization, unit or department and determine its basic business strategy, objectives, and goals. For the task or competency analysis, he says it involves obtaining information from the organizational analysis to examine the task performed in each job and determining the competencies needed to perform these tasks effectively and finally, person analysis addresses the question of whether employees are deficient in important task and competencies and whether training would address these deficiencies.

### **Selection of trainees**

Although it is true that in selecting persons for training a company generally gives primary consideration to its own benefits and secondary consideration to the benefits occurring to the individual, yet the standard used for selecting training programme, participants should be carefully devised and communicated widely throughout the organization. Training opportunities should not be passed out as a reward for a good behaviour or for long service or to get relief for sometime from trouble-making employees. Fairness in applying the standards is required and can help boost employee morale. Programmes having high selection standard become high status prestige programmes, which challenge the best persons in the organization to make the grade. Training a person who has no ability and willingness to learn is like sending an ass to college. Whenever an individual is sponsored for training he



should be told personally the reason for sponsoring and the expectation of the organization from him after he returns from the programme. Most companies do not inform the employees why they have been sponsored. Such a practice reduces learning, as the employees sponsored are more concerned about the reasons for being sponsored than actually getting involved in and benefiting from the training.

A very important decision connected with the selection of trainees is the determination of the number of participants.

### **Training methods for operatives**

Training on the job

- Job rotation
- Intensive training
- Apprenticeship
- Vestibule school

General education programmes.

- Simulators and training aid

Management development methods; a method which aims at improving the decision-making skills

- Case-study method
- Incidence method
- In-basket method
- Management game

Methods which aim at improving the interpersonal skills of expenditure;

Sensitivity training (laboratory training)

- Role playing
- Transaction of analysis

Method which aim at improving the executive's knowledge

- Conference
- Autonomy

### **Selection of a training and development method or approach**

Selection of an appropriate method depends upon the following six factors

- Training objectives – the choice of a particular training method should depend upon the objectives of the training. It should be noted, however, that this is not easy. It is far more difficult to define the objectives at the management level than at the blue-collar level. Experts will agree on the form and content of training to be given to machinist or electrician but they will differ widely in a case of a junior executive.
- Level of trainees in the organization's hierarchy
- Methods ability to hold and arouse the interest of trainees during the training period
- Availability of competent trainers
- Availability of finance
- Availability of time.

Once objectives have been determined the actual training can begin. Regardless of whether the training is job specific or broader in nature, the appropriate, training approach or method must be chosen.

In summary, human capital development programmes help employees to acquire and develop more skills. Human capital theories support the fact that investment in training and development brings immense benefit to both the employer and employee. Empirical evidence available indicates that investment in training and development reduces labour turnover, increases productivity of employees and financial performance of employers. In conclusion, from the available literature reviewed including the empirical evidence, it is worthwhile to for employers to embark on training and development programmes.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Introduction**

This chapter discusses the research design, the study area, the study population and sampling procedures. Other aspects that the chapter considered include: sources of data, data collection instruments, the fieldwork, data processing and analysis, field problems and limitation.

#### **Research design**

The study is to look at the investment in human capital development (training and development) and its effects on labour performance. In order to achieve the objectives of this study and to draw meaningful conclusions, the case-study method was used. Case-study is an investigation of an individual group, institution or other social unit. The social unit may be a person, a family, a social group, a solid institution of a community. The aim for using this study is to analyze and ascertain the extent at which investment in training and development affect labour performance in PZ Cussons so as to be able to make informed decisions and conclusion.

Kumekpor (1999) points out some of the relevance for using the case-study method. He notes that case-study method is useful and appropriate for the analysis of infrequent, temporary and non- recurrent events. The method is appropriate where retrospective views of an event are necessary. It is therefore

useful in providing insights into, and information on events. The method is again appropriate where stress, focus and attention are on the unique and individual aspects of a case. Another issue that makes the use of case-study more relevant is that it is useful where the interest of the investigation is on the unique, rather than the normal, or the expected conditions or characteristics of events. Again Kumekpor (1990) holds the view that case-study brings the investigator and the cases being investigated into direct contact, which leads to better conversance with the circumstance of the case. Also accumulated results of case studies of a particular problem, issue or occurrence provide source of data evidence and insights into personal characteristics, motives, attitudes and human nature in particular.

Sarantakos (2005) claims that case-studies investigate social life within the parameters of openness, communicativity, naturalism and interpretivity, as informed by the interpretive paradigm. Despite all these benefits of the use of the case-study method, it is bedeviled by some shortcomings. For instance, care and skills of the investigator may affect the success and outcome of a case-study. The preoccupation of the investigator with solution or opinion may lead to inappropriate or inadequate attention to resources or possible alternatives available. The possibility of being trapped, bought or bribed is equally great and may influence the investigator's attitude to the case being investigated. People may also give false information in sensitive cases, files, records and other vital information may not be available or may be destroyed and during an investigation, additional, but relevant and related problems, issues, factors may be missed, neglected or overlooked.

## **PZ Cussons Ghana limited**

PZ Cussons Ghana Limited is situated at Tema Industrial Area near Tema Oil Refinery, in the Greater Accra Region. It started operating in the then Gold Coast in the 1930's, begun as a trading concern which imported goods from Europe for distribution and sales in the Gold Coast and West Africa as a whole. The Company also engaged in the export of produce from West Africa to Europe.

The story of PZ Cussons begun in the early 1870's, when many enterprising Europeans were leaving their countries for the West Coast of Africa, despite the uncompromising climate of the region. Two young Europeans, George Henry Paterson, a Highland Scot and George Basil Zochonis, a Greek, who were working for a small trading company, Fisher and Randall, met at Susan's Bay, Freetown, Sierra Leone and became friends. Their friendship grew out of shared interests and ambitions.

By 1879 the strongest ambition of the two friends had materialized and they had set up their own trading post which was simply called "Paterson Zochonis". In 1884, the two partners incorporated Paterson Zochonis & Company Limited in England, with its head office in Liverpool to deal with West African exports to Europe e.g. palm produce, groundnuts, coffee, hides, skins and timber and imports of European Textiles and foodstuffs to Sierra Leone. In 1886, the company's head office moved to Manchester, the heart of Lancashire's cotton trade, where it has remained ever since. Currently, PZ Cussons is a leading public limited liability company quoted on the London Stock Exchange with a turnover, including those of its associates in Nigeria, Ghana, Poland, Greece, Kenya, Indonesia, Thailand, Australia and the United

Arab Emirates of over £500 million as cited by Janney (2007). The group's principal activities are the manufacture and distribution of household consumer goods including pharmaceuticals (over-the-counter Drugs), cosmetics, soap and detergents.

Paterson Zochonis (PZ) was formed in Ghana (the then Gold Coast) in 1934. PZ became a Public Company in 1976, and listed on the Ghana Stock Exchange within 12 months of the inception of the Stock Exchange in 1990.

From the early activities of importing, exporting and general trading, an industrial base was established in 1969. Its industries went through difficult times as result of the harsh economic conditions in the 1970's and early 1980's. These problems hampered the smooth operations of the company's activities which eventually led to the closing down of Sparta Manufacturing Limited and Tema Thread Limited (PZ's manufacturing subsidiaries). Consequent to the Economic Recovery Programme instituted by the Government at that time, opportunity was taken in the late 1980's and early 1990's to rejuvenate PZ's industrial potential, concentrating on Health Care and Beauty Care Product. From modest beginning PZ has since become a market leader in branded Over-The-Counter pharmaceutical through such household names as Drastin, Alagbin, Zubes, Robb, Supper Atlas range of multivitamin capsuls and syrups and pharmaceutical food supplement preparations. With the introduction of the Venus Hair Care products in November 1993, the Company achieved a prominent position in the Healthcare products sector of the market. The Company also offers a wide range of cosmetics and toiletry products. A household products section which

manufactures Camel Antiseptic and Cussons Morning Fresh washing liquid soap was established in the 1990's.

In 1995 a decision was made to build a new soap factory in Ghana, a total new investment to the value of approximately \$10million. The new factory has been successful and produces high quality toilet and laundry soaps under the internationally known name Imperial Leather and Premier brands for toilet soap and Canoe and Duck brand for laundry soap.

These products are manufactured locally using Palm Oil and Palm Kernel Oil produced locally. In order to secure its raw material sources, the company has recently acquired substantial shares in Normal Oil Palm Plantation Limited and is the sole user of all palm oil and palm kernel oil produced by NORPALM.

From 1<sup>st</sup> June 2002, the Group underwent a change of name, Paterson Zochonis to PZ Cussons. The objective of the change was to unify the Group further under one identity and to refresh and modernize its corporate image. With a solid product portfolio that includes a number of well established brands such as Drastin, Alagbin, Zubes, Super Atlas, Maladrin, Robb, Venus hair care, Camel Antiseptic, Imperial Leather, Premier, Cussons Baby, Canoe, Duck, and Elephant, PZ Cussons can look at the future with great confidence.

PZ Cussons Ghana Limited as at the year 2008 employs approximately 450 workers through job opportunities created by its factories and through its nationwide distribution network. According to Janney (2007), the Company's vision is driven by a commitment to continue expanding its business through providing the consumers with goods of the highest quality standards at



affordable prices, whilst making reasonable profits and manufacturing its strong values and respect for the environment in which it operates.

Globalisation, improvements in technology and modern economic trends have resulted in the need to adjust its operations in order to be able to match up to competition. Hitherto, it was common to find workers who have been in the company for more than 20 years whose jobs have not seen any significant change or improvement for the whole period of their employment. This is mainly due to the nature of the business, with its bias towards trading and distribution. The current trend of globalization and rapid technological improvements has created a need to ensure a good supply of highly trained and proficient breed of workers. Thus, to sustain growth and competitiveness it has become necessary for the company to chart Career Development plans for its members which will enable it achieve its organizational goals.

Staff training is an indispensable strategy for motivating workers and moving the company forward. This will give the staff of PZ Cussons professional opportunities for self-improvement and development to meet the challenges and requirements of new equipment and new techniques of performing a task.

Management has put in place a plan to identify and develop middle level managers to take up supervisory position in the any of the company's outlets and at the head office. This is to help build the knowledge level of staff and to prepare them for both horizontal and vertical development. Becoming a manager takes a lot of effort and dedications from both the employee and the company. It demands a lot of training and preparedness to learn. It means understanding the organization you work with and being able to carry on the

values and culture of the organization to the people. Career development training enables the organization to equip its staff with all the need information to enable them take up task in higher grades.

### **Study population**

The population of a research refers to the collection of all possible individuals, objects or instruments of interest. Kumakpor (1990) defines a population or universe of investigation as the total number of all units of the phenomenon to be investigated that exists in the area of investigation i.e. “all possible observations of the same kind” in this case, the targeted population of the study was all employees of PZ Cussons Ghana Limited.

### **Sampling procedure**

According to Sarantakos (2000), sampling is the procedure employed to extract samples from the study. It helps the researcher to study a relatively small number of units in place of the target population. In view of this, the researcher used sampling. He used a non-probability sampling technique (purposive sampling) to select the respondent for the study. This is because he chose respondents who had similar characteristics that were relevant to the study i.e. those who had gone through any form of training and development programmes in the organization in order to determine how effective were the training programmes and how they affected their performance. It was believed that this sampling technique will provide more and better information on the topic of study. The overall targeted population was 450 employees (260 males and 190 females) and a sample size of (55) staff of the organization excluding

the Human Resource and Corporate Affairs Director. The 55 employees were selected based on the fact that it a policy of the company that casual workers are not involved in human capital development programmes. Out of the 450 employees, 100 are casual workers. The 55 employees were chosen from the remaining 350 employees and they form about 37% of those who have engaged in training and development programmes (150 employees).

### **Sources of data**

The researcher used data collected from primary and secondary sources. The instruments used to collect the primary data were questionnaires. The researcher also collected data from secondary sources which were made up of existing relevant literature from both published and unpublished sources such as books, journals, articles, newsletters, brochures annual financial reports and the world wide web, on training expenses, annual expenditures, mission statement, corporate vision and objectives, number of training programmes organized and the number of staff involved etc.

### **Research instruments**

Two different questionnaires were used. One was designed for the staff and the other was designed for the Human Resource and Corporate Affairs Director. The questionnaire for the staff has four (4) sections starting with the cover letter. The first section was related to demographic information of the respondents. They included information on age, gender, years of working in the organization and departments. The second section captured information on the human capital development programmes and how people were selected to

participate in them. Section three and four were to investigate that nature of training and development programmes, how they were organized, their evaluation and their effects on labour performance. The second questionnaire had a cover letter and seventeen questions which seek to find among others, the existence of training policy in the company, determination of the need for training, selection of trainers, training content and materials, the methods used, and how management support such programmes. See Appendix I and II.

Getting people to cooperate with the researcher to enable him to collect the information was a challenge. He made an effort to contact members of staff who had benefited from human capital development programmes in the company, to seek their consent and their interest in the study before he gave out the questionnaires. The researcher was not a member of staff of the company though a stakeholder, he had to seek permission and assistance from the Human Resource Corporate Affairs Director to make the distribution and collection of the questionnaire relatively easy. With the help of some members of staff, the questionnaires were distributed by hand. The selected respondents were given five (5) working days to respond to the questions in the questionnaire. After the five working days all the questionnaires were collected. The researcher ensured the confidentiality of the information by not requiring the names and entity of respondents to be disclosed in the questionnaires.

#### Field work

The researcher spent two days on the field interaction with the respondents. The field work was carried out on 23<sup>rd</sup> and 24<sup>th</sup> of June 2008. He

visited the field five times within two weeks, met the respondents, explained the rationale for the research and how it would contribute to decision making in the organization and academic knowledge before they went ahead to complete the questionnaires. The respondents were given five working days to complete the questionnaires. However, it took him ten working days to collect the 51 questionnaires from a sample of (55) that had been completed. A different questionnaire was given to the Human Resource and Corporate Affaires Director to complete. That questionnaire was collected without any difficulty. This constituted a response rate of 92.72% of the total number of questionnaires sent out. The response rate was very good. He faced some challenges during the data collection because some of the members of the staff were not willing to answer the questionnaires. This is a major problem in Ghana, where inflow of information is bureaucratic and tainted with suspicious. As a stakeholder, he was able to meet with the respondents and explained his relationship with the company to them and reason why he chose it. This made them open up to him and they gave the necessary information required.

### **Data processing and analysis**

Microsoft Excel and Statistical and Product Service Solutions (SPSS) version 15.0 was used in analyzing the data. Features of the (SPSS) that were used included the cross tabulation, descriptive statistics and frequency tables. The approach used for the data analysis was statistical techniques. Data was put into tables for analysis, calculation and summary. It involved editing, coding, tabulation and calculation of percentages, mean, range and standard

deviation. Data collected from the study was edited, coded and analyzed by summarizing, describing and interpreting the data collected from the field, to generate frequency tables, bar graphs and pie charts.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

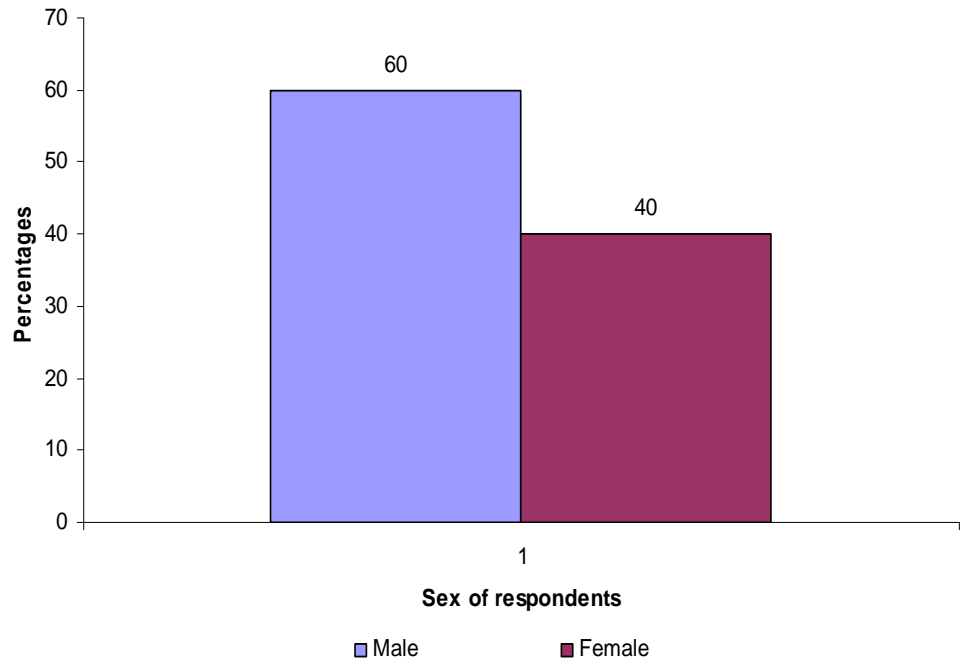
#### **Introduction**

This chapter describes the responses to a series of survey questions designed to look at PZ Cussons' investment in its employees' human capital development. The characteristics of the respondents are provided, followed by the perception of employees about their human capital development and the role being played by their supervisors in their human capital development. The chapter also discusses the findings as against the empirical evidence.

#### **Characteristics of respondents**

Figure 1 shows the sex distribution of respondents sampled for the study. Of the 50 staff sampled, 30 (60%) constituted males and 20 (40%) females, indicating a high proportion of males in staff sample. The male population in the research setting far exceeds that of female population (i.e. 260 males and 190 females). That might have accounted for the differences in the sampling thrown out by this study.

At PZ Cussons, it was discovered that both men and women do participate in training and development programmes. For instance, 60% of the respondents were males whereas 40% were females. OECD (2003) found no significant differences in training participation rates between male and female employees.



**Figure 1: Distribution of respondents by sex**

Source: Field Survey, 2008

### **Age distribution of respondents**

The ages shown in Table 3 are those reported by the respondents. The respondents interviewed were between the age of 32 and 59. The age pattern suggests that the respondents aged 40 – 49 years were predominantly sampled out of the total number of respondents. The least proportion of sampled staff fell in the age group of 30 - 39 years.

### **Positions of PZ Cussons personnel**

Respondents were asked about the positions they held in PZ Cussons. The majority (76%) of the sampled workers of PZ Cussons were frontline workers with varying portfolios ranging from credit analyst to cashiers. A fifth of the sampled workers held the position of managers with varying portfolios



ranging from Deputy Manager to Corporate Manager. The remaining personnel representing 4% comprised the company's secretaries (see Table. 3).

**Table 3: Cross tabulation between age distribution and position of staff of PZ Cussons**

Age/ Positions	Managers		Secretary		Frontline officers		Total	
	No.	%	No.	%	No.	%	No.	%
30 -39	0	0	2	100	3	7.8	5	10
40 – 49	3	30	0	0	27	71.1	30	60
50 -59	7	70	0	0	8	21.1	15	30
Total	10	100	2	100	100	100	50	100

Source: Field Survey, 2008

From table 3, it was observed that 71.1% of Frontline officers fall within the ages of 40 and 49, whereas 21 % fall within the ages of 50 and 59 with 7.8% found within the ages of 30 and 39. 10 of the 50 respondents were managers. Out of this, 3 which made up 30 % were within the ages of 40 and 49, whereas 7 constituting 70% were between the ages of 50 and 59. 2 out of the respondents were secretaries. The average age of the respondents was 47.81 and the range was 26. The standard deviation was 2.46.

#### **Duration of employment in PZ Cussons**

The respondents were asked about the length of time they had worked with PZ Cussons. Most of the respondents had worked with the organization

for more than eleven years. The rest were distributed between '2-6 years', '7-11 years'. With such distribution the results indicate that none of the sampled employees have worked less than 2 years in the organization.

### **Educational qualification of PZ Cussons staff**

All the respondents had obtained at least the minimum qualification needed to work at PZ Cussons. Results from Table 4 indicated that few respondents had obtained pre-university qualification. A little over three fourth (84%) had obtained first degree while 12% had obtained post-graduate qualification. The findings suggest that employees have a fair knowledge about human capital development.

In the findings, it was revealed that about 84% of the respondents had obtained first degrees while 12% had obtained post-graduate qualification. Only 4% had pre-university qualification. This confirms the fact that receiving employer-provided training increases substantially, with the individual employee's level of education. Hence there is a positive relationship between the acquired formal education and subsequent training from employer. A study of ten EU countries by Arulampalam, Booth and Bryan (2003) showed that this complementarity between training and education holds for both men and women. The findings support the fact that highly educated people receive more training than their less trained counterparts.

**Table 4: Cross tabulation between distribution of length of work and distribution of educational qualification of staff of PZ Cussons**

Qualification/ Duration(years)	Pre-		First		Post-		Total	
	University		Degree		Graduate			
	No.	%	No.	%	No.	%	No.	%
2 – 6	1	50	3	7.1	1	16.7	5	10
7 – 11	0	0	12	28.6	2	33.3	14	28
More than 11	1	50	27	64.3	3	50	31	62
Total	2	100	42	100	6	100	100	100

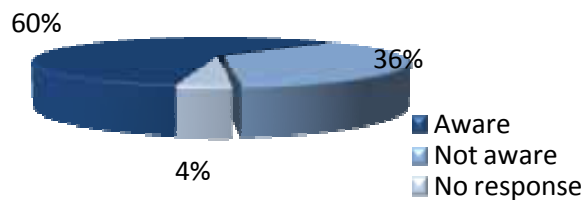
Source: Field Survey, 2008

Table 4 revealed that two out of the respondents had pre-university education. Out of these, one had worked with the firm between 2 to 6 years and the other had worked more than 11 years. 28.6% of the respondents with first degree had work between 7 – 11 years, 64.3% had worked for more than 11 years and 7.1% had worked between 2 – 6 years. Respondents with post-graduate degree had 33.3% had worked between the period of 7 – 11 years, whereas 50 % had worked with the company for more than 11 years and 16.7% had worked between 2 – 6 years.

### **Training policy and preparation for human capital development programme**

The survey asked whether PZ Cussons staff were knowledgeable of human capital development policy of the organisation. A large majority (60%) of the respondents indicated their awareness about PZ Cussons' human capital development programme while close to a third did not have any idea of such

programme for human development at PZ Cussons. Few employees (4 percent) did not indicate their awareness of human capital development programme. This is represented by Figure 2.



**Figure 2: Awareness of PZ Cussons human development programme**

Source: Field Survey, 2008

In juxtapose the findings of the research and empirical evidence to determine what really goes on at PZ Cussons supports or goes contrary to the empirical evidence. It came to light that PZ Cussons actually provides its employees with both general and firm-specific training, and pays for it as well. This confirms a study done by using data on the youth in USA which found out that employers pay for nearly all off-the-job company training of which a large portion appears to be essentially general. The findings also support the claims of Booth and Bryan (2002) that European employers tend to pay for training that can be considered to generate skills of a more general in nature.

With the length of years of work at PZ Cussons, all the employees who have worked with PZ Cussons for more than 11 years indicated their awareness of the human capital development programme of PZ Cussons. This suggests that those with longer duration of work with PZ Cussons might have benefited from PZ Cussons' human capital development programme.

**Table 5: Awareness of PZ Cussons' human capital development by duration of work**

Duration	Awareness	
	Aware	Not Aware
2 – 6 years	0	5 (10%)
7 – 11 years	1 (2%)	13 (26%)
Above 11 years	29 (58%)	2 (4%)
Total	30 (58%)	20 (40%)

Source: Field Survey, 2008

PZ Cussons does not have a documented human capital development manual as such. However, it is the company's policy that is used to identify skill gaps of its employees and this are:

- The individual competencies that employees require, without which they will be unable to meet individual and team objectives;
- Corporate learning needs where a new operations is introduced in the company and employees are taken through to get abreast with and;
- Teams specific needs where the employees in a particular department are trained in a specific need pertaining to the requirements of that department.

Moreover, varied methods are used to meet learning and development needs. What is being used now was developed out of practice where two ways of human capital progression can be identified:

- Progression along grade e.g. from Clerk to Senior Clerk to Chief Clerk to Officer II to Officer I, etc.

- Progression arising out of staff attendance of in-house generic training programmes to enable selected staff develop capacity for job performance e.g. New Entrants Programme, Supervisors Programme, Introduction to Management, Modular Management Programme, etc.

The HR manager was asked whether there has been a review of human capital development policies of the company. It was observed that the last major review was undertaken in 2002. A new General Manager was appointed at the time to head the Human Resource Division and he brought in a new vision. He, therefore, decided to make some changes to conform to his vision.

### **Elements of the human capital development policy**

The survey further asked those who are aware of the human capital development policy to mention the elements of the policy. It was noted from an interview with HR manager that it was the policy of the company to provide employees with human capital development opportunities in order to improve their service to the organisation and to assist them in obtaining advancement by merit within the organisation. It was also noted that it was the responsibility of department heads and supervisors to assess needs for staff development and to consider employee development. Three policies combined form the human capital development policy of the organisation:

- Promotion policy
- Training policy
- Terminal Grade policy.

### Promotion policy

An employee is expected to spend 4 years on a grade, during which time he/she is expected to have undergone the necessary training to prepare him/her for the next grade. In the 4<sup>th</sup> year, depending on his/her grade, the employee undertakes a written examination or an assessment, which when combined with his/her annual appraisal, determines whether he/she is to be promoted or not.

### Training policy

Each year, Branch and Area Managers as well as Divisional and Departmental Heads submit inputs for the training needs of their staff to the Human Resource Division. Based on this a training calendar is drawn up by the Organisation's Training School for both local and overseas courses. The expectation is that the training needs would be met before the end of the year.

### Terminal grade policy

This policy states clearly an employee's progression within the Organisation based on his entry qualification e.g. if an employee enters the Organisation with Senior Secondary Certificate Examination (SSCE) qualification, the highest grade he can reach is Assistant Manager. All other qualifications acquired within the period of his stay speeds up progression.

The elements named by the workers and supervisors are in line with the above policy statements. The following challenges were observed to hamper the implementation of the human capital development policies:

## Training

- Generic training programmes are not reviewed constantly to meet the changing trends in the industry. Therefore the benefits of these programmes may not be enough to prepare staff for the next grade or the changing industry.
- There is some subjectivity or favoritism in the selection of staff for various training programmes. The effect is that both the employee and the Organisation do not benefit from the programme that the wrong person has attended.

## Terminal grade policy

- Some staff may be very good at their jobs but because of their backgrounds they cannot progress beyond the point stated in the terminal grade policy.
- The policy is not reviewed periodically to reflect the changing times.
- Inability to follow the policy consistently and to the letter e.g. some recently employed graduates have been placed on the grade of Senior Clerk instead of Officer II as the Recruitment policy states.
- There are ambiguities in the policy; this leads to difficulty of interpretation and therefore difficulty in implementation.

## Performance management

Employees were asked about how they are appraised by their supervisors. It was observed that the HR department gives regular and annual appraisal forms. Observation from the responses indicates that appraisals are



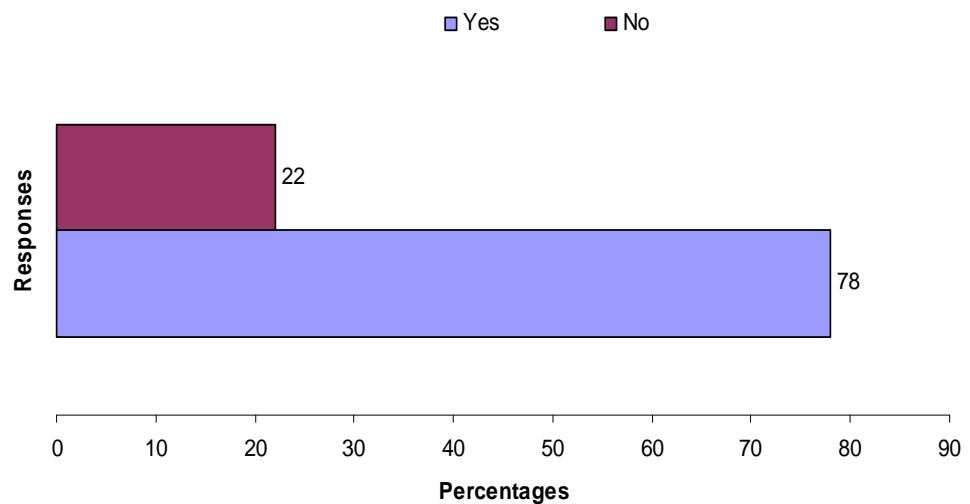
carried out by PZ Cussons on annual basis. Employees' selection for training and development was observed to be based on supervisor's recommendations and 'who you know' concept. In any case, the selection follows a particular pattern. First of all, the supervisor selects the supervisee and then forwards it to the HR department. The decision of final selection rests with the HR manager who in consultation with the management offers training and development programmes to the selected employees. The bottom-line is that the final selection is at the discretion of the HR department.

Formalized performance management systems were used by PZ Cussons in order to reward achievement and manage staff development. Line managers assessed their subordinates' performance and suggested appropriate training and development provision to meet their needs. However, the subjective nature of these systems was widely criticized by most of the employees. A particular concern was that line management control of this process merely encouraged appraises to emulate their manager's approach in order to obtain favorable appraisal scores. Appraisals should be about making a fair assessment of an employee needs and abilities. Nonetheless, it was observed that most people see them as an opportunity to prove to their managers how well they are doing, which they obviously do by operating in a way that the supervisor wants.

There were no effective mechanisms for the HR department to report on the subject's performance relative to their peers within the organisation. Furthermore, employees are often not informed of whether they had been allocated places on training courses requested as a result of identifying shortcomings in their own skills and knowledge. The combination of these

factors left PZ Cussons badly placed for ensuring succession management. Most respondents see performance appraisal as a total waste of time and just ignore it. The problem is that it does not allow the organisation to look carefully at its staff development needs and how it can involve the managers. It rather reacts to shortcomings in performance by bringing in additional employees when the work demands it.

The respondents were asked whether the company has adequate financial and logistics support for training and development. The findings in Figure 3 indicate that there was adequate financial and logistical support for training and development of employees.

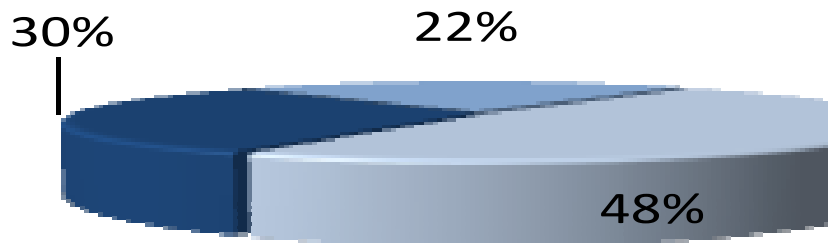


**Figure 3: Opinions of adequacy of financial and logistics for training**

Survey: Field Survey, 2008

It was observed that 60% of the sampled employees had participated in training and development programmes. They were again asked to rate the training and development programmes. Figure 4 presents the ratings of human capital development or training programmes offered by PZ Cussons. It was observed that a large proportion of the respondents 48% rated training and

development programmes as effective. 30% of the respondents rated the training and development programmes as ineffective. 22% were not sure about the effectiveness of the programmes.



**Figure 4: Rating of employee training and development**

Source: Field Survey, 2008

### **Training provisions**

The study further inquired about how they were selected for training programmes. A large proportion of the respondents said their supervisors or managers did not perform training needs assessment in the selection of individuals for training development programmes. This confirms that selections of employees for training programmes were often based on the discretion of the supervisors.

Respondents were asked to give the reasons for selection into training programmes. They assigned reasons such as changes in technology; filling in gap of performance; transfers or promotions; and induction purpose (see Table 8). The most frequent human capital development programme undertaken by PZ Cussons staff is Undergraduate University degrees. The next human capital development programme embarked on by staff of PZ Cussons is Masters (Post – graduate Degree) programme. Others enrolled on marketing and credit management programmes with some of them being sponsored by the

organization. From the supervisors' viewpoint, the organisation gives seminars, coaching and leadership programmes. It was also observed that nomination for training programmes was made one month in advance.

**Table 6: Reason for employees' nomination for training**

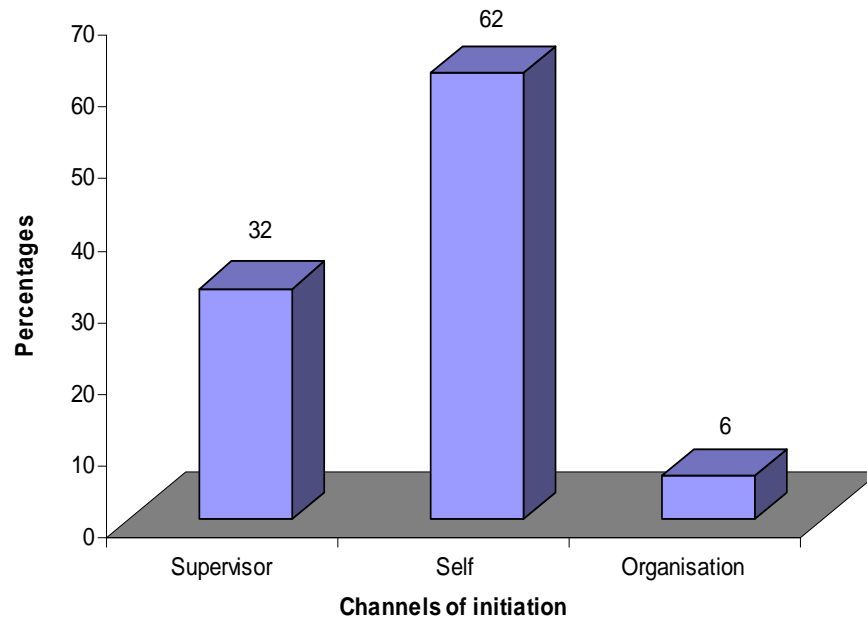
Reasons	No. of respondents	Percentage
Due to gap in performance	12	24
Changes in technology	31	62
Fresh recruitment	3	6
Due to transfers/promotions	4	8
Total	50	100

Source: Field Survey, 2008

According to Bartels and Sicherman (1998) production workers in manufacturing industries with a high change are more likely to receive formal company training than rate of technological their colleagues in manufacturing industries with low level of technological changes. Comparing this with the findings from PZ Cussons, it was observed that 62% of the respondents claim that changes in technology was the main reason for their selection to participate in training programmes whereas 24% reported they participated in training programmes due to gap in performance.

The study found out how they got nominated for training programmes. It was observed from Figure 5 that a large proportion of employees (62 percent) initiated their own human capital development efforts. Close to a third (32 percent) said their supervisors initiated them into the training programmes. This shows that supervisors do not often perform training needs

assessment in the selection of individuals for training development programmes. This confirms that selection of employees for training programmes are often based on the discretion of the supervisors.



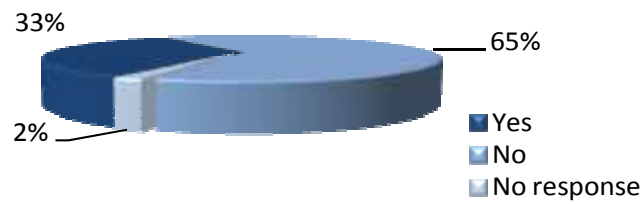
**Figure 5: Channel of initiation of training programme**

Source: Field Survey, 2008

### **Support of supervisors**

The study tried to find out whether employees received support from supervisors in their human capital development effort. It was obvious from Figure 5 that a large proportion of employees (62%) said they did not receive any assistance from their supervisors or managers (see Figure 4.5). For those who did get support, it was mainly in the form of encouragement with few getting coaching, mentoring and performance monitoring. Generally, employees believed that the kind of assistance supervisors gave took the form

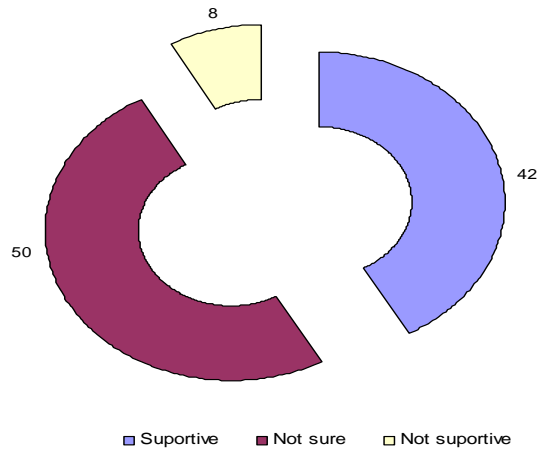
of encouragement. The interview with the HR managers revealed that it was rare to see supervisors actively supporting employees with their human capital development. However, supervisors with higher professional or academic backgrounds tended to provide better support than just encouragement.



**Figure 6: Respondents' opinion about whether they receive support from supervisors**

Source: Field Survey, 2008

The employees were also asked to rate the support given to them by their supervisors in their human capital development. The results in Figure 6 indicate that a half of the sampled employees of the organisation saw their supervisors' role in their human capital development as unsupportive. Only forty-two percent of the respondents believed that supervisors were supportive in their human capital development efforts.



**Figure 7: Ratings of supervisors' support of supervisee human capital development.**

Source: Field Survey, 2008

### Perception of training programmes

This section assesses the opinions of employees with respect to the organisation of human capital development programmes. It covers how human capital development programmes are organized and their duration. Respondents were asked whether training programmes were relevant to the achievement of the goals of the organisation.



**Figure 8: Respondents' opinion whether training was relevant**

Source: Field Survey, 2008

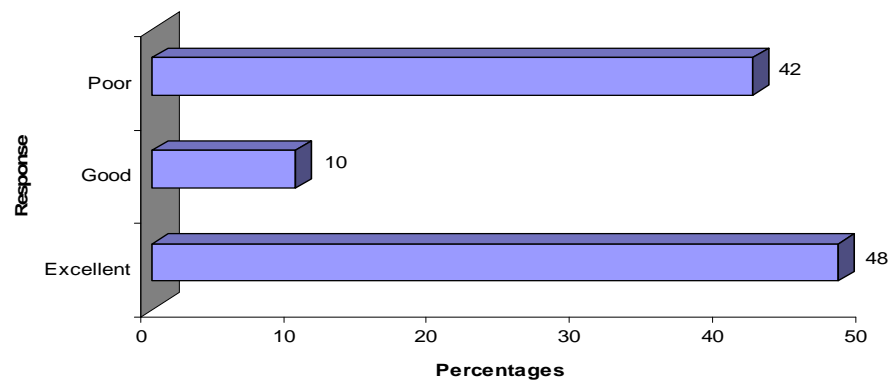
As shown in Figure 8, a large proportion of the respondents (62%) claimed training was a key to the achievement of the goals of the organisation. Respondents suggested numerous reasons why they claimed training programmes were relevant. This was because they reported increased job satisfaction and morale; increased employee motivation; increased efficiencies in processes; increased capacity to adopt new technologies and methods; increased innovation in strategies and products; and reduced employee turnover. Respondents who saw no relevance in the training programmes assigned reasons such as waste of time and resources; inadequacy of training materials and time limitations.

The study inquired about the persons who conduct the training. Respondents claim that on-the-job training is conducted mostly by supervisors; off-the-job training, by either in-house personnel or outside instructors. In-house training is the daily responsibility of supervisors and employees. Supervisors are ultimately responsible for the productivity and, therefore, the training of their subordinates. PZ Cussons use in-house personnel to develop formal training programmes to be delivered to employees off line from their normal work activities, during company meetings or individually at prearranged training sessions. Sometimes they employ outside training sources including consultants, technical and vocational institutions. The biggest advantage is that these organizations are well versed in training techniques, which is often not the case with in-house personnel. The disadvantage of using outside training specialists is their limited knowledge of the company's product or service and customer needs. These trainers have a more general knowledge of customer satisfaction and needs. In many cases,



the outside trainer can develop this knowledge quickly by immersing himself or herself in the company prior to training the employees. Another disadvantage of using outside trainers is the relatively high cost compared to in-house training, although the higher cost may be offset by the increased effectiveness of the training.

Respondents were further asked to rate their relationship with the trainer. Figure 9 depicts the ratings of respondents' relationship with the trainer. About 48 percent of the 50 employees viewed the relationship with trainer as excellent. Another 10% of the respondents viewed the relationship with trainer as good. However, 42% of the respondents rated the relationship with trainer as poor. This suggests that most of the respondents were satisfied with the relationship existed with their trainer.

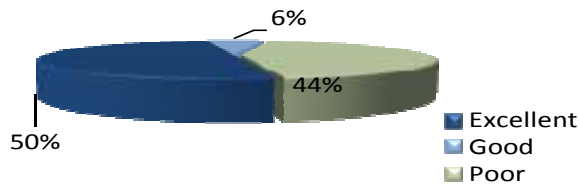


**Figure 9: Ratings of relationship with trainer**

Source: Field Survey, 2008

Respondents were also asked to rate the level of knowledge acquired on the topics. As observed in Figure 10, a large proportion of the respondents (i.e. 50%) rated the level of knowledge acquired on the topics as excellent. Another 6% of the respondents rated the level of knowledge acquired on the

topics as good. However, 44 percent of the respondents rated the level of knowledge acquired on the topics as poor. This suggests that most of the respondents were satisfied with the level of knowledge acquired on the topics.



**Figure 10: Ratings of the level of knowledge acquired on topics**

Source: Field Survey, 2008

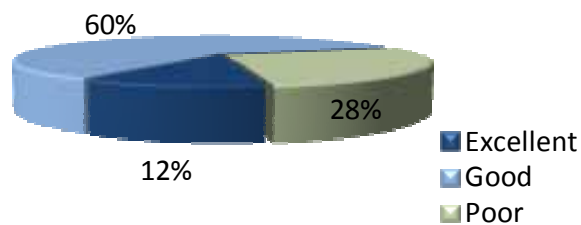
The study sought information about techniques employed in training at PZ. Table 7 presents the techniques used in training. As observed, the most technique employed by PZ is apprenticeship and internship. Also, they employ more of conference and seminar. The least technique employed by PZ is coaching. Coaching was accorded the least importance because it is presented in more informal manner. There is no clear-cut rule for supervisors to serve as coaches.

**Table 7: Techniques or designs employed in training**

Technique	No. of Respondents	Percentage
Coaching	3	6
Apprenticeship and internship	20	40
Lecture	12	24
Conference and seminar	15	30
Total	50	100

Source: Field Survey, 2008

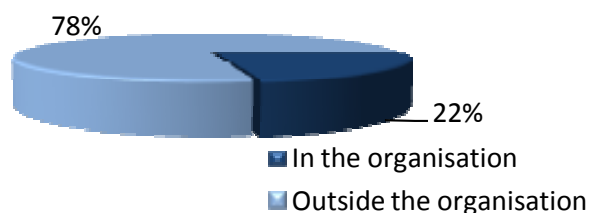
Respondents were also asked to rate the teaching or delivery method employed by the trainers. As observed in Figure 11, a large proportion of the respondents (i.e. 60%) rated the teaching or delivery method employed by the trainers as good. Another 12% of the respondents rated the teaching or delivery method employed by the trainers as excellent. Nonetheless, 28% of the respondents rated the teaching or delivery method employed by the trainers as poor. This suggests that most of the respondents were satisfied with the teaching or delivery method employed by the trainers.



**Figure 11: Ratings on teaching/delivery method**

Source: Field Survey, 2008

Respondents were also asked about the location of the training. As observed in Figure 12, a large proportion of the respondents (i.e. 78%) said their training was held outside the organization. The remaining 22% said their training was held in the organization.



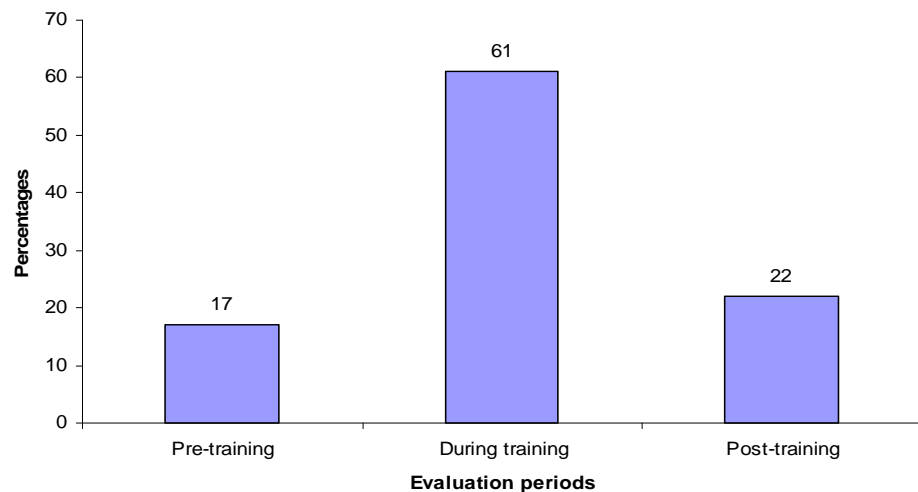
**Figure 12: Location of training**

Source: Field Survey, 2008

This shows that most of training conducted by PZ was carried outside the workplace. It was observed that in all the training sessions, respondents were given hand outs and other required materials. All the respondents claimed that the duration for the training programme was adequate.

### **Evaluation of human capital development programmes**

This section assesses the perception on human capital development programmes. This covers respondents' evaluation of the programmes, the challenges confronting the programmes and ways to improve them. The respondents were asked about the times they were evaluated in the process of training. The results indicated that a large majority of respondents (61%) were evaluated during the training programme. This was followed by post-training evaluation.



**Figure 13: Times of evaluation during training**

Source: Field Survey, 2008

Respondents indicated that the training helped them by increasing their skills and abilities. They said the training promoted positive attitudes and increased their motivation. Some also indicated that the training provided them with expanded responsibilities so that they can make full use of their skills and abilities. The training they received at work enabled them to do their job better and made them more creative, hence job satisfaction and higher motivation.

Opinion about the impact of restructuring on loyalty, morale and motivation is more indistinct. The overall impact of training is positive. A quarter of the employees reported increased job security and loyalty, 70% reported increased morale and 5.0% reported increased motivation. These employees were more likely to record increased loyalty because the layer above them had been removed and they may have considered themselves to have benefited from training. Interestingly enough, 'relationships with colleagues' according to 78.2%, and 'relationships with bosses' according to 71.4% of the respondents were the same. The results suggest that these factors may compensate for the decrease in other areas such as job security, fun and trust, and that loyalty has shifted from the organisation to other organisations.

From the findings, it came out that training promoted positive attitude and increased motivation of employees. It was also observed that training improved the skills and abilities of employees thereby enabling them to do their jobs better and enhanced their job satisfaction. This supports the study by Dearden, et al (2000) based on a panel of British industries covering the years 1983 to 1996 reported that training significantly boosts productivity. From the

view point of the employees of PZ Cussons, the overall impact of training is positive. This is in line with the report made by Addison and Belfield (2004).

The writers reported a positive impact from training on both labour productivity and financial performance in British private-sector establishments with at least 10 employees. There was also a report of a positive productivity effect of training for the service sector in Germany based on data covering the period from 1994 to 1998.

A quarter (25%) of the respondents reported increased job security and loyalty, 70% reported increased morale and 5% reported increased motivation. These employees indicated their willingness to stay and work for the company for more years which in a way reduces turnover. However, this presumed negative association between company-provided training and turnover has recently been given an alternative interpretation. Existing empirical evidence on the association of between the provision of training and subsequent turnover is mixed in the sense that some results point to a significantly negative relationship, while others indicate that the relationship is negative but non-significant (e.g. Krueger and Rouse 1998).

The following challenges were observed by the HR Managers to hamper the implementation of the human capital development policies:

#### Training

- Generic training programmes were not reviewed constantly to meet the changing trends in the industry. Therefore the benefits of these programmes were usually not enough to prepare staff for the next grade or the changing trends in industry.

- There is some subjectivity or favouritism in the selection of staff for various training programmes especially for overseas trips. The effect is that both the employee and the organisation do not benefit from the programme which the wrong person has attended.

#### Terminal grade policy

- Some staff may be very good at their jobs but because of their backgrounds they cannot progress beyond the point stated in the terminal grade policy. They are therefore not motivated to improve themselves. Besides, some of them may not be sent on training programmes and even if they do attend the programmes, their impact is not felt on the work they do.
- The policy is not reviewed periodically to reflect the changing times.

#### Others

- Inability to follow the policy consistently and to the letter e.g. some recently employed graduates have been placed on the grade of Senior Clerk instead of Officer II as the Recruitment policy states. Since they might be desperate for a job, they accept the employment opportunity but once they have acquired some training and experience they leave.
- There are ambiguities in the policy; this leads to difficulty in its interpretation and therefore difficulty in implementation.

Training and development opportunities tended to be provided on an ad hoc basis within the organisation. There was a range of opinions as to why this was the case, although most of the employees attached cynical motives to

the poor level of provision. HR division was seen as showing active interest mainly on the job related programmes or programmes designed to improve efficiency at work. Some employees felt that most of these programmes were outmoded and needed to be reviewed. Others also felt that employees with academic or professional qualifications tended to have a faster human capital progression than those without these qualifications thereby leading to disillusionment on the part of employees who “slaved” to work whilst others concentrated on developing themselves. A few others felt staff had to “know” somebody in HR to get a human capital development opportunity.

The culmination of the factors listed above is that employees had adopted a range of personal human capital strategies to counteract negative influences on their development. In particular, employees tended to be proactive in seeking opportunities to enhance their own development. Strategies advocated by those interviewed encompassed a range of methods aimed at securing promotions and/or circumventing barriers to their progression, many of which sought to take advantage of the informal structure of human capital opportunities within the organization. In all of this, the role of supervisors was generally passive. Although they did provide some support.

In conclusion, the analysis of the data collected from PZ Cussons shows that the practice of investing in training and development has the support of management and some of the facts from the empirical evidence support these findings. However, there are few areas where the company was found wanting. For example, selection of trainees was not based on outcome of needs assessment or gaps determined from results of appraisal performance but rather it is based on the discretion of the supervisors. Another area where



the company was found wanting was lack of support from supervisors for the training programmes.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

This chapter summarises the research work done and draws conclusions and makes recommendations. It also looked at the limitations of the study and future direction of research.

#### **Summary**

Human resources of every organisation are the most vital of all the factors of production. In both service and manufacturing industries, the quality and capability of employees have a direct and significant effect on the goods and service delivery process, customer satisfaction as well as company performance. The connection between workforce competence and quality output is conceptually strong since an organization's employees often perform most tasks. In view of this, investment in Training and Development has been of prime concern to most management of some organizations. However, many organizations do not see investment in Training and Development as a necessity for their growth hence they do not provide any framework and support for Training and Development programmes. Employees who due to global competition quest for personal development find their own means to development themselves in the organization or leave for other organizations where they could have such opportunities for growth in skills and

competencies. This leads to the study in order to ascertain the extent to which Training and Development permeates organizations in the country, whether policies exist to support such programmes, the importance management attached to them and how well are they organized such that organizations benefit from them.

The case study method was used for the research. The study population was PZ Cussons Ghana Limited. Purposive sampling was used to sample 55 staff and the Human Resource and Corporate Affairs Director of the company. Questionnaires were used to collect the data. Findings suggested that indeed PZ Cussons Ghana Limited provides training and development programmes for the employees. Both women and men were involved in the training. The more educated one is, the more chance the person stands to receive training. Training and development programmes have management support, and gaps in performance well as technological changes are the major reasons for participating in training and development programmes. The programmes led to increased job security and loyalty for company, participants were motivated and their moral boosted. They were prepared to stay and work for the company for more years.

## **Conclusions**

It was noticed throughout the analysis that there is lack of support on the part of supervisors when it comes to human capital development of their staff. Supervisor control in the assessment of the human capital development needs of employees devalue the HRD function. This leads to a breach and a violation of employees' psychological contract expectations and, eventually,

to a breakdown in their organizational commitment. Thus, the devolution of the HRM function to an operational management level underpins many of the problems identified within PZ Cussons. The informal and subjective nature of HRM systems that emerged from the supervisors' control had serious implications for the way in which employees developed within the organization. Such supervisors could use a variety of HR tools to manipulate and control their employees' development. For example, performance management systems are used to establish which employees would fulfil organizational needs rather than making the most of their individual abilities.

This promoted a reproduction of the attitudes of supervisors with responsibility for assessing staff, which was also reinforced by promotions tending to be restricted to within divisions. The overall result of supervisors' control of the HR function was that current approaches were seen by employees as lacking coherence, leaving them under-informed and unsure of the existence of opportunities that could be exploited to meet their human capital needs and expectations. This placed PZ Cussons in a poor position for ensuring effective succession to management level in order to fulfill employee wider developmental expectations. It seems certain that the current approaches to HRM do not facilitate employees' development to their fullest potential and lead to a breakdown of the employment relationship.

Given the increasingly competitive nature of the manufacturing industry's labour market, polishing existing policies is likely to intensify staff retention difficulties in the future. However, the implications stretch beyond organizational boundaries to threaten the retention of professionals. The employees interviewed in this study were proactive in seeking to develop their

own human capitals. Therefore, the continued ignorance of the importance of the role that structured HRD policies can play in shaping employees' development is likely to lead to the continued turn-over of employees to other firms.

The findings of this research suggest that PZ Cussons may fail to meet the developmental needs of their employees, which supports the hypothesis that an incongruity exists between HRD policies and the needs of the individual. HRD policies within PZ Cussons tend to be operationally defined by supervisors. This appears to have created fragmented, divisionally oriented policies that do not integrate the wider needs of the organization with those of the employees developing human capitals within them. The study concludes that if PZ Cussons does not attempt to reconcile its employees' vocational needs, they are more likely to leave to other organisations that offer greater developmental opportunities or that are more responsive to their individual needs. This shows a clear necessity for PZ Cussons to address these issues to ensure that their employees are retained over a long term period. This requires an acknowledgement of their employees' less formal expectations within the employment relationship and the development of responsive policies to take account of these needs. However, PZ Cussons should also be aware of the fact that psychological contracts will not remain static in the context of continually changing employment relationships; thus, they should continually review whether they are meeting their employees' changing expectations. This requires a fundamental realignment of the HRD function with employee needs and the utilization of qualitative performance measures. Such an approach is

likely to require the reallocation of the key HR functions within PZ Cussons to specialist HRM practitioners and a lesser role for supervisor in the process.

### **Recommendations**

The following recommendations are made based on the findings of the research:

- PZ Cussons requires a more sensitive understanding of employee expectations about their human capital development if they wish to engender commitment and loyalty from their employees in the future. They must acknowledge the existence of informal employee expectations of the human capital development and explore them carefully in order to integrate them with organizational human capital management objectives.
- PZ Cussons should develop formal and bespoke developmental programmes for individual employees, begin to value the individual skills and abilities that employees bring to organizations, and raise the profile of HRD to exploit these benefits within an organizational context. This may be possible through an improved human capital management process. This would need to ensure that the human capital dynamics of employees are manipulated to ensure that they reach their full potential within an assessment of organizational needs. Achieving such a balance would ensure a satisfactory human capital for the employee and the optimal use of the human resources at the disposal of the organization. However, this would also require a more prominent role for HRM department and a reduction in direct control from

supervisors. Such would require a radical shift away from the current approaches to HRD.

- The company as a matter of urgency must develop a well thought out and documented training and development policy which should be made available for all employees. If this is done, employees will be well informed about training and development opportunities available and they will be able to take advantage of them especially those involving general education at the universities and other professional courses.
- Mode of selection of participants for training and development programmes should be reconsidered. Appropriate procedures should be put in place to ensure that the right people are always selected for such programmes, not those who are liked and favoured by the supervisors. For instance, it should be base on the results of performance appraisal and not the prerogative of the supervisors. This will boost the confidence of the employees in the organization of training and development programmes.

### Limitations

The research would have been carried out in at least two organizations within the Accra-Tema Metropolis but due to some constraints such as time, research assistants and financial constraints. The study had to be limited to only one company. Some organizations were not willing to used for research despite the plea that the study was purely for academic work.

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## APPENDIX I

### QUESTIONNAIRE FOR STAFF OF PZ CUSSONS GHANA LIMITED

Dear Respondent,

I pursued a postgraduate programme at the Institute for Development Studies, University of Cape-Coast, Cape-Coast and in partial fulfillment of the award of the M.A. Degree, I am conducting a research into “The Effects of Human Capital Investment on Labour Performance; A case study of PZ Cussons Ghana Limited”.

Please do not write your name or disclose your identity on the questionnaire. Read the instruction(s) at the beginning of each section carefully and answer all the questions as honestly as possible.

#### SECTION I

Please provide the following information about yourself. Give your best estimate where answers are not known: information will be used only for statistical purpose by the researcher.

1. Background information

2. Sex:    Male [ ]                      Female [ ]

3. Age -----

4. Level of education qualification

a. Elementary education                      [ ]

b. Secondary education                      [ ]

- c. Polytechnic (Diploma HND)      [ ]
- d. Under graduate first degree      [ ]
- e. Post graduate      [ ]
- f. Professional qualification      [ ]

Others (please specify) -----  
-----

If you ticked any of the above options kindly specify the qualification-----

-----

(E.g. MBA Finance, B.Sc Administration, HND Accounting, WASSCE etc.)

5. How long have you worked in the organization? -----

-----

6. What is your position in the organization? -----

-----

7. What is your job schedule? -----

-----

-----

8. What is your rank?

a. Junior staff      [ ]

b. Senior staff      [ ]

c. Management staff      [ ]

Any other please specify-----

-----

9. What Department/Section are you in? -----

-----

## SECTION II

Please provide the following information about Training Policy and preparation for human capital development (education, training and development) programmes in your work place. Give your best estimate where exact answers are not known.

### **Training policy and preparation for human capital development (education, training and development) programmes**

10. Has your organization got a policy on human capital development (training and development) programmes? Yes [ ] No [ ]

11. If yes, is it clearly expresses? Yes [ ] No [ ]

12. State what you know in the policy-----  
-----

13. If no, how is staff training directed and controlled? -----  
-----  
-----

14. Is there adequate financial and logistics support available for training in your organization? Yes [ ] No [ ]

15. What is the nature of the human capital development programmes in the organization?

i. Sponsoring employees for further studies with bonding in any tertiary institution [ ]

ii. Organizing training and development programmes [ ]

(You can tick both where applicable)

16. How would you rate employee training and development in the organization?

- a. Very effective [ ]
- b. Effective [ ]
- c. Not sure [ ]
- d. Ineffective [ ]
- e. Very ineffective [ ]

17. Is all the staff eligible for training and development programmes in your organization? Yes [ ] No [ ]

18. If No, which category of staff is given training and development programmes?

- a. Above a certain grade [ ]
- b. One year services or move [ ]
- c. Certain occupation [ ]
- d. Permanent staff [ ]

Others (please specify) -----  
-----

19. Have you ever participated in a training and development programme related to your job? Yes [ ] No [ ]

20. If yes how relevant was the training to your work in the organization? ----  
-----  
-----

21. How was your nomination made for the training programme?-----  
-----



-----  
-----  
22. How well in advance were you informed of your nomination? -----

-----  
23. Why were you selected for the training?

i. Due to gap in performance [ ]

ii Changes in technology (introduction to new technology) [ ] (You can tick

iii. Newly employed [ ] as many as

iv. Due to transfers/promotions [ ] possible)

v. For purpose career development [ ]

Other (please specify) -----  
-----  
-----

24. How are the training needs of your organization determined? -----  
-----  
-----

25. Was the training programme initiated by you or your organization? -----  
-----

26. If it was initiated by you, what motivated you? -----  
-----

27. What was your expectation for the programme?-----  
-----  
-----

28. Did you receive adequate support in any form? Yes [ ] No [ ]

29 If Yes, what kind of support (please specify) -----

-----

30. If No, what were the reasons? -----

-----

-----

31. What would you have wished your organization to have done in such a situation? -----

-----

-----

### **SECTION III**

#### **The training programme and period of training**

This section contains items that assess your opinion about how human capital development programmes are organized and their duration. Please provide the best possible answers to the following questions.

32. Was training relevant to the achievement of the goals of the organization?

Yes [ ] No [ ]

33. Please give reasons to your answer-----

-----

34. What was the content of the training?(what you were taught) -----

-----

-----

35. Where did the trainers come from?

i. From the organization

ii. Outside the organization

iii. Both

36. How will you rate your relationship with the trainer?

- a. Excellent [ ]
- b. Very good [ ]
- d. Poor [ ]
- e. Very poor [ ]

37. How will you rate the level of knowledge of the topic?

- a. Excellent [ ]
- b. Very good [ ]
- d. Poor [ ]
- e. Very poor [ ]

38. What kind of training techniques or design is used in your organization?

- i. One-on-one instruction [ ]
- ii. Coaching [ ]
- iii. Job rotation [ ]
- iv. Apprenticeship and internship [ ]
- v. Lecture [ ] (You can tick as many as possible)
- vi. Conference and seminars [ ]
- vii. Video tape [ ]
- viii. Distance Learning [ ]
- ix. Equipment simulator [ ]
- x. Role plays and case study [ ]

Others (please specify) -----

-----

39. How will you rate the teaching/delivery method used by the trainer?

- a. Excellent [ ]
- b. Very good [ ]
- d. Poor [ ]
- e. Very poor [ ]

40. How did he clearly express him/herself?

- a. Excellent [ ]
- b. Very good [ ]
- d. Poor [ ]
- e. Very poor [ ]

41. Where did the training take place?

- i. In the organization [ ]
- ii. Outside the organization [ ]
- iii. Both [ ]

42. Were there training materials (e.g. Hand outs, note pad, pens, charts, diagrams, equipments, projectors etc.)? Yes [ ] No [ ]

43. If yes, specify-----  
-----

44. If No give reasons-----  
-----

45. Were the materials relevant to the subject matter (content)? -----  
-----

46. Were they available in the right quantity and quality?

Quantity: Yes [ ] No [ ]

Quality: Yes [ ] No [ ]

47. At what period does PZ Cussons carry out training programmes? ( E.g 1<sup>st</sup> quarter, 3<sup>rd</sup> quarter, peak period of the year etc.) -----

48. Are the training programmes done at regular intervals or when there is a need? -----

49. How frequently are the training programmes organized (e.g. Once a month or a quarter etc)? -----

50. How long did the training programme take (e.g. One day, one week, a month, a year)?-----

51. Was the duration enough? Yes [  ] No [  ]

Give reasons-----  
-----

#### **SECTION IV**

#### **Evaluation, problems and improvement of human capital development programmes**

This section contains items that assess your opinion about how human capital development programmes are evaluated, the problems and how to improve the programmes. Please provide the best possible answers to the following questions.

52. When is the progress of the trained personnel evaluated?

a. Pre-training [  ]

b. During training [  ] (You can tick as many as possible)

c. Post-training [  ]

53. What is the mode of evaluation of the trainee? -----  
-----

54. What is the mode of evaluation of the training and development programme in your organization? -----  
-----

55. Did you have an opportunity to practice the knowledge/skills you acquired at the training?      Yes [ ]                      No [ ]

Give reasons-----  
-----

56. If Yes how did it affect your skills, competencies, attitude, aptitude in performances? -----  
-----

57. What criteria were used to determine that the trained personnel have improved his/her skills, competencies, attitude, aptitude in performances?-----  
-----

58. Apart from the training, were there other factors that contributed to the improvement in your performance?      Yes [ ] No [ ]

Give reasons and list them-----  
-----

59. The benefits I gained from the programmes are.

- i. Knowledge                      [ ]
- ii. Skills and a competencies [ ]
- iii. Salary increase              [ ]      (You can tick as many as possible)
- iv. Promotion                      [ ]
- v. Confidence                      [ ]

Others please specify -----  
-----

60. To what extent will you agree that the training has improved your performance?

i. Strongly agree [ ]

ii. Agree [ ]

iii. Uncertain [ ]

iv. Disagree [ ]

v. Strongly disagree [ ]

61. Have you identify any short coming in the organization of training programme in your organization? Yes [ ] No [ ]

62. if Yes briefly state them-----  
-----

63. Are there ways of improving the training programmes in your organization?Yes [ ] No [ ]

If Yes briefly state them-----  
-----

64. Should PZ Cussons continue to organize training and development programmes to the staff? Yes [ ] No [ ]

Briefly states why-----  
-----

Thank you

**APPENDIX II**

**QUESTIONNAIRE FOR HUMAN RESOURCE AND CORPORATE  
AFFAIRS DIRECTOR OF PZ CUSSONS GHANA LIMITED**

Dear Sir,

I pursued a postgraduate programme at the Institute for Development Studies, University of Cape-Coast, Cape-Coast and in partial fulfillment of the award of the M.A. Degree, I am conducting a research into “The Effects of Human Capital Investment on Labour Performance; A case study of PZ Cussons Ghana Limited”.

Please do not write your name or disclose your identity on the questionnaire. Read the instruction(s) at the beginning of each section carefully and answer all the questions as honestly as possible.

1. Has your organization got a training policy?      Yes [ ]      No [ ]
2. If Yes what does the policy say on Human Capital Development (training and development programme) in terms of content, duration, frequency, cost, which time of the year etc?-----  
-----  
-----
3. If yes, is the policy on human capital development programmes clearly expressed? -----
4. Is all your staff aware of the policy? Yes [ ] No [ ]  
Kindly give reasons-----  
-----



5.If there is no training policy, how is staff directed and controlled?-----

-----  
-----

6 How do you identify where training is required?-----

-----  
-----

7.What kind of human capital development exist in your organization?-----

-----  
-----

8. How are the trainers selected? -----

-----  
-----

9. Who selects the training content and the materials? -----

-----  
-----

10. What are the methods/ techniques used in the instruction during the training programme? -----

-----  
-----

11. How are the trainees motivated to learn the training programme and transfer what they have learnt to their jobs (e.g. rise in pay, promotion etc.)----

-----  
-----

12. How does management support training programmes in your organization?-----

-----  
-----

13. What are the costs incurred by your organization when training is embarked (e.g. Employment cost, accommodation, equipment cost, etc.)-----

-----  
-----  
-----  
15. What is your annual training cost? -----

-----  
16. What is the percentage of this cost in relation to the annual budget or  
expenditure of your organization? -----

-----  
17. What criteria are used to determine that the trained personnel have  
improved their skills, competencies, attitude, aptitude in their performance and  
contribution towards organizational success? -----

-----  
18. What is your Annual productivity increase for the past three(3) years?-----

-----  
19. What are the values of the Annual productivity for these years?-----  
-----  
-----

Thank you

## **DECLARATION**

### **Candidate's Declaration**

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:..... Date:.....

Name: Samuel Bright-Kaitoo

### **Supervisor's Declaration**

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature..... Date:.....

Name: Dr. I.K Acheampong

## **ABSTRACT**

This research studied the effects of investment in human capital on labour performance at PZ Cussons Ghana Limited. It had the main objective of trying to ascertain the relationship between investment in training and development of labour and labour performance. Specifically it sought to find out the kind of training programmes that were organised and examined their relevance to the needs of the employees and the organization. Literature on conceptual framework and empirical evidence were reviewed.

In terms of methodology, the researcher used the case-study method. The study population was all employees of the company. Purposive sampling was used to select the respondents. The research instrument used to collect the data was questionnaires. In processing and analyzing the data, Microsoft Excel and Statistical Product Service Solutions (SPSS) version 15.0 were used. Frequency tables, bar graphs and pie charts were also used.

In the findings, it was revealed that PZ Cussons Ghana Limited actually organizes and pays for both general and firm-specific training and development. Technological changes and gaps in performance were the major reasons why employees participate in training programmes. Training actually improves skills and abilities of the participants. This contributes to labour productivity and improves organizational performance. It was recommended that PZ Cussons must understand employees' expectations about their human capital development, the company must develop a comprehensive and documented training and development policy with all employees being aware, and mode of selection of trainees should be reconsidered.

## ACKNOWLEDGEMENTS

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Finally, I thank my wife, children and extended family for their patience, care and support in making this dissertation a reality.

## **DEDICATION**

To the memory of My Late Mother Madam Esi Tsetsebah.

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## **LIST OF ACRONYMS**

OECD	-	Organization for Economic and Corporation Development
IEBM	-	International Encyclopedia of Business and Management
HRD	-	Human Resource Development
PZ	-	Paterson Zochonis
SSSCE	-	Senior Secondary School Certificate Examination
SPSS	-	Statistical Product Service Solutions
ECHP	-	European Community Household Panel
UNIDP	-	United Nations Industrial Development Organization
UK	-	United Kingdom
USA	-	United States of America
NORPALM	-	Normal Oil Palm Plantation Limited