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# **Employee productivity and organizational performance: A theoretical perspective**

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## **I Introduction**

Employee's performance depends on various factors but the most important factor is training, which enhances the capabilities of employees (Raja, Furqan & Khan, 2011). Employees who have more on the job experience tends to perform better because there is an increase in the both their skills and competencies resulting from more on the job experience (Fakhar & Khan, 2008). Training also has impact on the return on investment since the organizational performance depends on employee performance because human resource capital of organization plays an important role in the growth and development of such organization. So to improve the organizational performance and the employee performance, training is given to the employee of the organization, whereas, employees' development can be defined as a process where the employees with the support of the employer undergo various training programs to enhance their skills and acquire updated knowledge and learning (Noe, Hollenbeck, Gerhart & Wright 2004). Consequently, employee development is a joint initiative of the employee as well as the employer to upgrade the existing skills and knowledge of the employee, thus competency is enriched by training and development.

On the other hand, organizational performance refers to those attitudes' that have been assessed or measured as to their contribution to organizational goals (Cook & Hunsaker, 2001). The behaviour or attitude indicated the approach and skills of the management, especially line management that helps them to use the resources successfully and professionally with competency. However, the labour union can act as the bridge between the employees and the management of the organization by negotiating for better welfare packages for the employees, which include their periodic training, promotion and development. Existing labour literature has shown that employees tend to put in their best, work effectively and efficiently if the work environment is conducive and the management and corporate executives demonstrate the flexibility that they often demand of their employees (Fernández, 2003). This is based on the contention that the employment challenge does not only arise due to low levels of education, but also due to a mismatch between skills produced and demanded in the labour market. The challenges associated with the changing nature of work and the workplace environment is as real for the campus as elsewhere. Rapid change requires a skilled and knowledgeable workforce with employees who are adaptive, flexible, and focused on the future. Hence, to address this challenge requires an 'active and aggressive' intervention on both sides of the labour market (Webster, et al., 2008).

Training and Development is an important aspect of Human Resource Management. It is important for organization to get skilled and capable employees for better performance, and employees will

be competent when they have the knowledge and skill of doing the task. Training and Development would provide opportunities to the employees to make a better career life and get better position in organization. In doing so, organizations efficiency would be increased. On the other hand, employees are the resources and assets of an organization if they are skilled and trained would perform better than those who are unskilled and untrained.

Despite the importance of training and manpower development in employee productivity and organizational performance, training programs are not sufficiently supported by organizations in Nigeria (Obi-Anike & Ekwe, 2014). These organizations consider the money they will spend on their training programs as waste rather than investment. They fail to foresee the desirability of continuous training and development of their employees in order to promote the efficiency and effectiveness of their organizations. Those that attempt to conduct trainings for their employees do so in an ad-hoc and haphazard manner, and as such, training in those organizations is more or less unplanned and unsystematic. Although there are volume of empirical studies on the effect of training and development on employee's productivity and organizational performance, the existing evidence suggests that research in this area is promising. In Nigeria however, majority of these studies were conducted outside the educational sector. Meanwhile, most of the challenges that had threatened the standard of teaching and learning in educational sector in Nigeria had been squarely blamed on inadequate manpower. In the light of these, it is essential to investigate why and how labour union can foster systematic and periodic training and development exercise for employees in an educational sector?

## **II Literature Review**

### **Conceptual Framework**

#### **Employee's Training and Development**

Training and development are complementary parts of the same process. They are interlinked and interdependent, rather than sequential and hierarchical. Training and development is very crucial to the employees, the organization and their effectiveness (Devi & Shaik, 2012). Staff training and development can occur simultaneously or complementary, but the two do not necessarily have direct relations to each other (Comma, 2008). Therefore, training and development activities are important elements of the human resource management function of an organization. However, training and development refers to the practice of providing training, workshops, coaching, mentoring, or other learning opportunities to employees to inspire, challenge, and motivate them to perform the functions of their position to the best of their ability and within standards set by local, state, Federal and licensing organization guidelines.

## **Trade Union**

Jones and George (2003) asserted that trade unions exist to represent workers' interest in organizations, given the fact that managers have more powers than the rank and file workers and those organizations have multiple stakeholders. There is always the likelihood that management might take steps that benefit one set of stakeholders such as shareholders, while hurting another such as employees. Thus, employees unionize for a number of specific reasons, ranging from the need for job security or safe work environment. They may also be dissatisfied with some management policies, while finding it difficult to communicate their concerns to their bosses. The doctrine of unionism has been in existence from time immemorial.

## **Organizational performance**

According to Farlex (2012), it is the actual output/results of an organisation obtained when measured against its intended outputs (goals and objectives). Richard et al. (2009) propose that organizational performance encompasses three specific areas of organizations' outcomes financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return performance (total shareholder return, economic value added, etc.), which are the three primary outcomes of corporate organisations being analyzed. However, production capacity performance is another factor of analysis for organizations.

## **Unions role in Employee's Training**

Some empirical literature outlines the role of unions for training of employees. According to some researches unions are also taking interest in workers training, education and awareness either pursuing government or employers to arrange training or arranging training programs themselves to build their skill and enhance the earning capacity of workers (Khan, 2010). Therefore Aidt and Tzannatos (2001) wrote that unionized workers tend to receive more training than their non-unionized counterparts, especially company-related training. Similarly a study of Boheim and Booth (2004) showed positive relations of union recognition with training in private sector. Altman (2001) develops a theoretical argument for the existence of a positive union effect by building on the concept of X-inefficiency.

## **Theoretical Review**

### **Theories on Motivation of Transfer**

Motivation to transfer was hypothesized in Holton's et al (2005) model to connect learning with individual performance change. Motivation to transfer can be described as trainees' desire to use the knowledge and skills mastered in the training program on the job. Behavioral change will likely occur for trainees who learn the material presented in training and desire to apply that new knowledge or skills to work activities. To support the degree of transfer of training desired, it is important to understand why individuals choose to apply their knowledge, skills, and attitudes in their workplace. Several theories of human behavior help us understand and predict behaviors that contribute to performance at work, as well as clarify the motivation to transfer factor in Holton's model. They include the theories of expectancy, equity, and goal setting.

### **Expectancy Theory**

Vroom's original presentation of expectancy theory placed it in the mainstream of contemporary motivation theory (Moorhead & Griffin, 1992). Vroom (1964) defined expectancy as "a momentary belief concerning the likelihood that a particular act will precede a particular outcome". His formulation suggested that job performance (P) is the result of the interaction of two components, force (F) and ability (A), with ability representing the potential for performing some task. The force to perform an act is the algebraic sum of the products of the valences of all outcomes (E) and the valence or rewards of those outcomes (V). In equation form, the theory reads:  $P = f(F \cdot A)$  (cited in Kilgore, 1997). Vroom's model emphasizes an individual's capacity or ability, rather than willingness, to perform a specific task. Since it was first introduced, the model has been refined and extended. An exception is the version of expectancy theory presented by Porter and Lawler (1968, as cited in Moorhead & Griffin, 1992), which takes a novel view of the relationship between employee satisfaction and performance. Although the conventional wisdom was that satisfaction leads to performance, Porter and Lawler argued the reverse: if rewards are adequate, high levels of performance may lead to satisfaction. The Porter-Lawler extension includes abilities, traits, and role perceptions (how well the individual understands his or her job). At the beginning of the motivation cycle, effort is a function of the value of the potential reward for the employee (its valence) and the perceived effort-reward probability expectancy).

## **Empirical Review**

Ojokuku and Adegbite (2014) examined the impact of capacity building on staff performance in selected organisations in Nigeria. The study employed descriptive and inferential statistical technique of data sourced through questionnaire. The study found that there is a strong positive relationship between capacity building and staff performance in an organisation.

Malaolu and Ogbuabor (2013) investigated the effects of training and manpower development on employees' productivity and organizational performance using First Bank of Nigeria Plc. as a case study. The study applied structured questionnaires to a sample size of 75 drawn by simple random sampling. The data generated was analyzed using descriptive statistics. The findings of the study show that training and manpower development has significantly enhanced employee efficiency and job productivity in the bank. Also, Gunu, Oni, Tsado and Ajayi (2013) examine whether employees' training and development enhances work efficiency in the banking industry. Primary data were used for the study were generated through the use of questionnaires. The study employed a sample of 395 respondents from a population of 35,386 from the five banks used as case study. Simple random technique was used to select the respondents and data collected were analyzed using descriptive statistics, and Pearson's moment correlation. Multiple regressions were employed to test the hypothesis. They found evidence that organizational commitment to training and development, frequency of training and development, and reward for best performance significantly improve organizational performance in the Nigeria banking sector.

AL Damoe et al. (2012) asserted in their study that highly skillful and knowledgeable staff is very necessary for the improvement of the organization. Training increases the productivity of employee, improves the services of the employee and brings the positive change in the organization. Training gives the outcome in the shape of tangible and intangible. Similarly, Raja, Furqan and Muhammad (2011) assess the impact of training and development on organizational performance using primarily sourced data from 100 employees of different organizations in Pakistan. The study employed descriptive statistics and found that training are regarded as costly but the advantages of employee training are much more than its disadvantages since training and development has positive effect on organizational performance.

Anyanwu (2002) studied the effects of training on employee productivity. The paper provides a review of the current evidence of such a relationship and offers suggestions for further investigation. They reviewed extensive the literature in terms of research findings from studies that had attempted measuring and understood the impact that training have on employee productivity across various sectors. The focal point of their review was on training practices and employee productivity and their relationship. The outcome of their findings varied. While some studies reported a positive association between training and employee productivity, some reported negative and some no association whatsoever. Also, Rastogi (2000) examined the role of training and development on workers' productivity in both public and private organizations in Nigeria. The study also pointed out the problems of human resource management and personal manager. The

study found that training and development is a long term and very sensitive function of an organization

Overall, most of these empirical results clearly indicated the importance of people management practices in predicting company performance. They suggest that, if managers wish to influence the performance of their companies, the most important area they should emphasize is the management of people.

### **Gap in Literature**

Even though there are volume of empirical studies on the effect of training and development on employee's productivity and organizational performance, the existing evidence suggests that research in this area is promising. In Nigeria however, majority of these studies were conducted outside the educational sector and without controlling for the effect of trade union. Meanwhile, most of the challenges that had threatened the standard of teaching and learning in educational sector in Nigeria had been squarely blamed on inadequate manpower and incessant labour strike. This study is therefore motivated by the need to assess the effect of union induced manpower training and development on organizational performance in a tertiary institution in Nigeria. This study will also add to available literature on the subject matter with unique reference to educational sector.

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