

EMPLOYEE'S COMPETENCY AND ORGANIZATIONAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY

AN EMPIRICAL STUDY OF PHARMACEUTICAL FIRMS IN GHANA

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Abstract

The purpose of this study is to examine the relationship between employees' competent and firm's performance. This study was conducted among Pharmaceutical firms in Ghana. A total of 280 respondents were sampled for the field survey. The data acquired was used to test the hypothesis stated for this study. The linear regression analysis output supported the hypothesis stated for this study and this suggests that firms are aware of the enormous benefit that they enjoy as a result of having in place an effective and efficiency workforce. The R-square value of the model 4 also showed that the independent variables has to a significant extent some influence on the outcome of firms performance. Study recommended that firms need to seize the opportunity to improve continuous learning in their organizations so as to improve the skills, attitude and behavior of employee towards the discharge of their individual tasks to be able to attain high performance potentiality.

Keywords: Employee competent, training and development, business environment, empirical study, Pharmaceutical firm

INTRODUCTION

The evolving and complex dynamic nature of the business environment in recent times has shifted the manner in which firms carry out their business activities. In this new era innovative firms turns to be more successful than non-innovative one. Despite advancement in technological, innovation over the past decades has improved work and job performance and satisfaction respectively. The critical significances of the employee can be underestimated since human resource forms the bases effective execution of this new systems and technologies (Ashton & Morton, 2005; Kular et al, 2008). Therefore a competent and competitive workforce is an essential factor if firms are to survive in this rapidly changing environment. This has provided firms with the opportunity to develop programs and process to recruit, motivate and retain employee with capable abilities. This would increase the firms' competitive advantage over others (Boyatzis, 1982; Berger & Berger, 2004; Hartley et al, 1995).

Insofar, efficient human resource plays a significant role in an organization's performance as compared with it financial and technology resources. This is true due to the fact that a resourceful and capable workforce is critical to achieving the overall goals and strategies of a firm (Hyatt, 1966). In order to develop a competent workforce managers need to engage employees in the decision making process and this will provide continuous learning environment where needed skill be obtained. When employees have clear idea in-terms of job expectation and the strategic goals of the firm, task and jobs are designed in line with these set targets (Swarnalatha&Prasanna, 2012; Gill, 2011; Harter et al, 2002). This provides employees with job satisfaction and increases their commitment to both their individual jobs and the organization as a whole. Competent loyal employees increase a firms success potential since it would increase job efficiency and decrease waste (Macey, 2006; Branham, 2005, Forkouh et al, 2012).

Value creation is critical to a firm's success and cannot be underrated if a firm is to have sustainable growth. The value creation process is characterized by a series of complex activities with each stage involving to some extent human or employee interaction both within and outside an organization (Heger, 2007).An enabling environment that provides employees to utilize their skills and abilities to contribute to the firm's innovation and value creation process is a significant factor (Haygroup, 2004; Markos&Sridevi, 2010). When employees are engaged in the value creation and innovation process it has a positive impact on the organization performance (eg. Parrin Report, 2003; Baumruk & Gorman, 2006; Coffman & Gonzalez-Molina, 2002).

The central theme of this study is to examine the relationship between employee competence and performance of Pharmaceutical firms in Ghana. This sector forms a major part of both the manufacturing and retailing sector of the economy of Ghana. And this makes this

sector a major source of revenue and medical supplies for the nation as a whole. Therefore a vibrant Pharmaceutical sector is critical to nation development. To achieve a vibrant sector there is the need to implement strategies to improve on the competence of employees in this sector. And this will cut waste and enable firms to gain competitive advantage both at the national and regional level. Despite the significant contribution of this sector most studies has not being conducted to examine what strategies and processes that firms adapt to develop competence and loyal employees especially in developing economies in sub-Sahara Africa. The next section that follows would focus on the theoretical background that form bases for our hypothesis, section 3 focus on methodology employed for this study, section 4 presents the statistical findings for this study and section 5 discusses the conclusion of this study. It further outlines future direction areas.

THEORETICAL BACKGROUND AND HYPOTHESIS

Firms' ability to recruit and retain capable employees has become a major challenge in this rapidly changing business environment. Since there is fierce competition among firms to acquire same scare workforce that are perceive to be of high potentials. Despite this fact capable employee still need to be provided with training and development activities so as to increase their skills and promote efficiency at the workplace. This process increase individual's efficiency executing distinct task assigned keeping in mind the strategic objectives and goals of the firm. And this increases firm's probability of firms achieving organizational performance (Brown & Sitzmann, 2011; Seiler, 2010; Guskey & Sparks, 1991). Furthermore thus contributes to a continuous learning process of the organization and increase performance in both long and short run.

Also due to the continuous learning that employee are subjected to, through the training and development activities, employees turns to acquire new skills that can be used in new fields. These employees developed both analytical and problem –solving skills that enable them to solve real time challenges in a proactive manner. And this result in waste and cost reduction that helps firms adapts to change (Oltmanns, 2004; Ukpere, 2009). Insofar, as training and development is an essential tool for developing capable employees, for firms to take advantage of these capable abilities it is critical for firms to align strategic focus and goals to its training activities. When training and development is align with firm corporate level and overall business strategies, it enables employees to have in-depth insight as to the overall expectation of their tasks and jobs and its impact on the performance and sustainability of the organization (Noe et al, 2006; Baum & Wally, 2003; Floyd & Lane, 2000). Based on the above-elaborated literature, the hypothesis below is formulated,

H1: Ability of firms to provide adequate training and developing that is align with firm's strategic focus aids in employee competent building. This further leads to efficiency in organizational performance.

The performance and success of any organizations depends on its skilled employees and how efficient the organization can tap into that resource and make effective use of it. Despite this opportunity the dynamic nature of the business environment makes this process a complex one. Therefore organizations should adapt strategic and processes to train its employees to adapt to this evolving environment both internally and externally. Training modifies employee's behavior, attitudes and values about their job and the organization as a whole. Employees further gain requisite skills and this contributes to the performance of the organization (eg. Brown & Sitzman, 2011; Seiler, 2010; Guskey & Sparks 1991, Oltmanns, 2004). Although training is significant to the development and performance of either the employee or the organization achieving effective training process is hindered by many factors especially a non-friendly environment. Therefore firms need to create an enabling environment and this is critical to organizational learning (Child, 1972; Acquah, 2007; Aktas et al, 2011; Jimenez-Jimenez & Sanz-valle, 2011).

Training and development activities should be align with firms' strategic activities through interaction activities within its internal and external environments. This increase the interaction process between various employees since each individual is unique and perform diverse task that are integrated. Therefore physical interaction turns out to be an efficient tool to promote learning among various actors on the job place (Cheng & Teng 2011; Melville et al, 2004; Kleinschmidt et al, 2010; Wilden et al, 2013, Nedzinskas et al, 2013, Mieres et al, 2013). Based on the consideration above the hypothesis below was formulated;

H1: A friendly environment that promotes individual interaction at workplace has an impact on employee competent development. And this would further have a positive impact on firm's performance.

METHODOLOGY

Study deployed descriptive research design. An empirical approach was adopted to test the stated hypothesis. Data for the purpose of this study was gathered through a field survey conducted among firms within the Pharmaceutical industry of Ghana.

Furthermore in order to test the hypothesis stated and arrive at a relevant findings, there is the need to identify the variables (both dependent and independent variable) that would be measured. The dependent variable is firm's performance. Also the independent variables used

to test how employee competent and skill contributes to organizational performance include; social interaction between employees (SIE), strategic training and development activities (STDA), adaptation to change by employees (ACE), effective communication medium (ECM), self-development of employees (SDE).

Since this study is to examine the influence that employee's competent has on the performance of Pharmaceutical firms in the discharge of their duties a linear regression analysis was conducted using STATA version 12.

Linear regression Model

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$$

Sampling

In order to arrive at appropriate findings the process of choosing a relevant sample population cannot be underestimated (Polit et al, 2001, Campbell, 1995). The study chose a random sampling approach. This is essential when information is sort for from key informants.

The key informant approach targeted employees of firms within the Pharmaceutical Industry of Ghana. This included both management and non-management employee. Also interviews were conducted among supervisors and management of firms. A total of 280 employees were asked to fill out questionnaires design for the purpose of this study.

Data collection and Measurement

The process of collecting data is a complex one that needs to be approached methodically. Firstly, contact was made with Pharmaceutical firms to seek their consent for the purpose of collecting data from employees in their firms. The geographical proximity of firms within this industry made it easy to collect data from diverse firms. A total number of 280 respondents filled out questionnaires ranging from top-management, lower-level managers, supervisors and individual employees.

Data was collected within a period of six (6) months and entered into excel spreadsheet for storage. A 7-liket scale is adopted to measure these variables. In order to test the reliability of the data acquired through the survey the Cronbach's alpha value was tested. The alpha value obtained was 0.85, inferring that there is a significant internal consistency and that the scale used is reliable.

ANALYSIS & FINDINGS

A linear regression analysis was conducted to test the influence of the independent variables on the dependent variable that is firm performance (See Table 1).

Table 4-1: Regression Analysis Output

Model	R-square	Unstandardized Coefficient		Standardized Coefficient	t-value
		Beta (β)	Std Error	Beta (β)	
1. SIE	.332	.305	.013	.334	2.201
2.SIE, STDA	.426	.523	.023	-.309	1.623
3.SIE,STDA,ACE	.664	.423	.051	-.432	1.503
4.SIE,STDA,ACE,ECM	.808	.601	.068	.521	3.332
4.SIE,STDA,ACE,ECM, SDE	.879	.653	.069	-.201	1.453

According to the regression analysis output above it can be seen that all the independent variables tested contributed to the development of employee competent. The model 4 had the highest R-squared value of 0.879 signifying that all the tested independent variables has a 87 percent influence on the outcome of the dependent variable. This mean that to a large extent employee competent or the ability for firms to provide an environment that promote friendly co-existence aid in the development of an enabling environment that promote organizational learning.

Also according to the responds shows that competent employees contributes to the performance of an organization by specializing at individual tasks and cutting down waste. When employees had the requisite skills and expertise and the comfort to express their ideas in an environment that is not hostile, it brings out the best in this workers and make it easy for firms to achieve their goals. And this was confirm during an interview session with a top management member of one Pharmaceutical firms where he says 'employees are our biggest asset as an organization and going forward of back depends on how efficiency we utilize the talents in each department and whole organization'.

Firms that would be able to harness the resources and potentials with its employees would attain effective job performance and organization performance as a whole. Employee will have the skills need to execute activities within the Pharmaceutical industry this improve the quality assurance process of the production, storage and distribution of drugs and related medical equipment across nation. This enable firms to satisfy their numerous customers either private or public customers. And furthermore this regression analysis output supports the stated hypothesis for this study.

CONCLUSION

The central theme of this study was to examine the relationship between employee competent and organizational performance. In order to achieve the objective of this study an empirical method was adopted. Field survey was used to collect data from employees within the Pharmaceutical industry within a period of six months. Data from the study was further tested using STATA statistical package version 12 to perform a linear regression analysis. Linear regression analysis was conducted to test or examine the relation between individual competent and the organizations performance.

According to the regression output, the stated hypothesis was support and this suggests that employees competent contribute immensely to the performance of an entire organization. Therefore firms need to seize the opportunity to improve continuous learning in their organizations so as to improve the skills, attitude and behavior of employee towards the discharge of their individual tasks to be able to attain high performance potentiality.

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