

THE RELATIONSHIP BETWEEN EMPLOYEE COMPETENCIES AND EXPORT PERFORMANCE: A STRUCTURAL EQUATION MODELING APPROACH

Majed Barjas Alotaibi 

Ministry of Education, Saudi Arabia

School of Economy & Trade, Department of Applied Economy, International Trade

Hunan University, Changsha city, P.R. China

qln@outlook.sa

Yabin Zhang

School of Economy & Trade, Department of Applied Economy, International Trade

Hunan University, Changsha city, P.R. China

Abstract

This paper examines the relationship between Employee competencies and performance in export firm in Saudi Arabia. The respondents of the study were managers of export firms. The data was collected from study screened the data and cleaned them from outliers and missing values. Structural Equation Model using AMOS software was used to Testing the relationship. The analysis revealed that employees' competencies have impact on performance. This study helps managers to consider the importance of their employees' performance. The awareness focuses on the need of competencies to accomplish missions and achieving organizational goals.

Keywords: Employee competencies, export performance, SEM, Saudi Arabia

INTRODUCTION

The term "employee competencies" is used in earlier studies as a factor for promoting and motivating employees at work environment; it is then later conceptualized to refer to as planning and developing an executive program (Korsi, Hasani, & Korsi, 2014; Wuim-pam, 2014). Employee competencies are important for the process and outcomes of a firm's business.

Competencies affect both profitability and performance (Chinomona, 2013). There are many definitions for the term competencies; the differences are based on the role and nature of the mission (Puteh, Kaliannan, & Alam, 2015). However, in general, competencies can be defined as behaviors that are associated with the knowledge and skills required to implement a certain mission effectively (Korsi et al., 2014), and those behaviors can be a set of personal traits or a set of standardized and performance traits (Puteh et al., 2015).

Many studies have empirically investigated the effects of employee competencies on firm performance, particularly in exporting and international trade firms (Chinomona, 2013; Majlesara, Afshari, Ghadimi, Mohammadi, & Asadi, 2014; Mwangi, Olayo, & Simuyu, 2015; Nasr, Aali, & Zende, 2011; Puteh et al., 2015; Ting, Guijun, & Bojun, 2010; Wuim-pam, 2014). Most of those studies indicate that the same categories of competencies have an impact on performance, and these competencies include communication competencies, understanding the exportation process followed by their firms and understanding the regulations and policies of the international export market (Puteh et al., 2015; Ting et al., 2010).

METHODOLOGY

This study has followed quantitative approach. The data were collected using survey questionnaire method. Measurement items of Employee competencies were adapted from the study of Hsieh (2009) and measurement items of export performance were adapted from the study of Candogan et al., (2009). All scales were five-point Likert scale.

The technique of random sampling was applied to select a sample of export firms inside Saudi Arabia. The respondents were managers of the firms. A total of 175 valid questionnaires copies were received.

The collected questionnaires copies were coded into numeric values and keyed in into SPSS software to start the first step of the analysis which is data screening and cleaning (Sekaran, 2003). Data screening and cleaning steps showed no missing or outlier values that needed to be deal with. Cronbach's Alpha for Employee competencies variable was 0.93 and for export performance was 0.7. This values present good reliability indication. The next step was running factor analysis and testing the hypotheses using Structural Equation Modeling with the AMOS software.

ANALYSIS AND FINDINGS

Descriptive statistics of Employee competencies construct showed means arranged between 1.60 and 1.86. This implies that the general answers likely to the selection of the two answers Neutral and agree. Descriptive statistics of export construct performance showed means

arranged between 3.34 and 3.58. To verify the normality of the distribution, kurtosis and Skewness values were showed data have normal distribution (Kline, 2011). Therefore, the data are applicable for further analysis steps by using SEM techniques.

Measurement models

As shown in figure 1, second order measurement model was run for the construct Employee competencies. GOF indices are acceptable (CMIN is 126.144, DF = 73, CMIN/DF = 1.728, RMR = .023, CFI = .961, and RMSEA is .065). Factors loadings are all are above 0.6 and the calculated Average Variance Extract AVE of the construct Employee competencies is 0.5 and the composite reliability CR is .8. The calculated AVE of the construct export performance is 0.5 and the composite reliability CR is .9. These values showed that the model is validated for further analysis. Figure 2 showed the Just Identified measurement model of export performance.

Figure 1: Measurement model for employee competencies construct

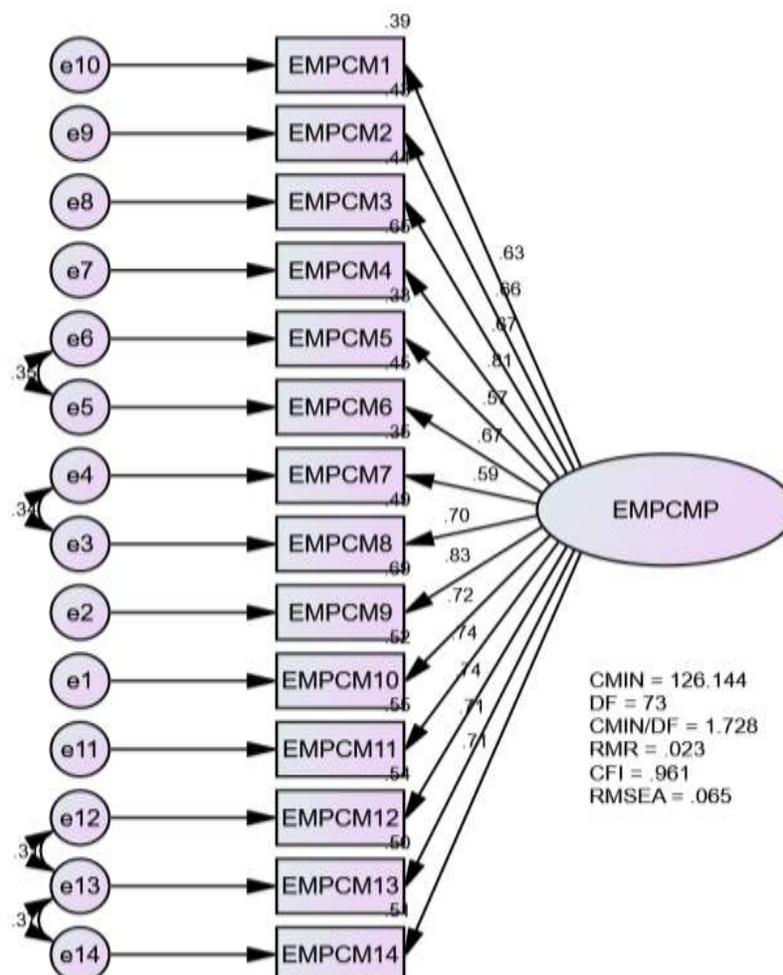
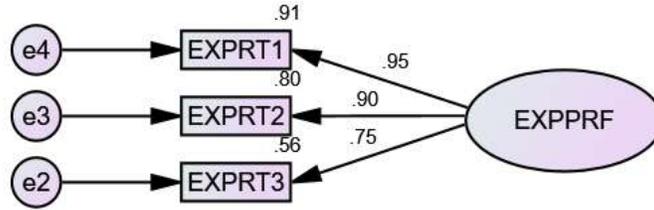


Figure 2: Measurement model for Export performance



Structure model

After validating the measurement models, structure model was run to test the hypotheses. Figure 3 shows the structural relationship between Employee competencies and export performance. The structural model shows acceptable GOF (CMIN is 175.444, DF = 114, CMIN/DF = 1.539, RMR = .029, CFI = .964, and RMSEA is .056). Table 1 summarizes the estimation for the direct relationship is -0.17 with Critical Ratio of -2.136 and P value of .03.

Figure 3: The relationship between employees’ competencies and export performance

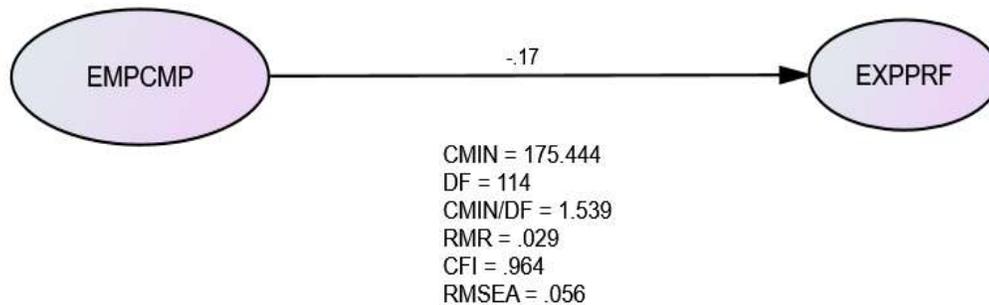


Table 1: The relationship between employees’ competencies and export performance

Hypotheses		Estimate	C. R	P	Supported?
Employee competencies	→ export performance	-0.17	-2.136	.033*	Supported

*p<.05

DISCUSSIONS

Findings of this study have supported those studies that have found a significant relationship between employee competencies and performance. The study of Chinomona (2013), Majlesara et al, (2014), Mwangiet al., (2015), and Puteh et al., (2015) have proved an empirical positive relationship. However, the findings of this study indicating a negative relationship. Most of those studies shared the same categories of competencies to be having an impact on the

performance. Examples of those competencies are the same framework that utilized in this study namely communication competencies.

The possible explanation is that understanding the process of the exporting in the context of KSA export firms may depends on understanding the regulations and policy of international exporting market (Puteh et al., 2015; Ting et al., 2010). Therefore, employees in those organizations may need to be fully supported and prepared for the exporting process from perspectives of their competencies. Other possible explanation of the negative relationship may be formulated around that most of exporting organizations working in KSA international market use outsider or mediators agents to implement their which is the main trends of the current process in international business especially exporting and importing business (Long, Wan Ismail, & Amin, 2013).

CONCLUSION

This paper has presented the detailed analysis steps that followed to analyze the data collected to examine the relationship between employees' competencies and export performance in Saudi international trade organizations. Testing the relationships revealed that employees' competencies to have impact on performance. However, the relationship is negative relationship. Within the international trade, export activities play significant role. This study helps managers to consider the importance of their employees' performance. The awareness will be about the need of competencies to accomplish missions and achieving organizational goals. This study was used only data of few sample of export companies in Saudi Arabia and limit number of competencies. The future studies can extend the current study by including more export companies from different economics and countries. In addition, they may involve more in depth analysis other than the quantitative approach.

REFERENCES

- Chinomona, R. (2013). Business Owner's Expertise, Employee Skills Training And Business Performance : Journal of Applied Business Research, 29(6), 1883–1896.
- Hsieh, S.-C. (2009). Employee Competencies Of Taiwanese International Trade: Perceptions Of Practitioners And Educators. University of the Incarnate Word. Retrieved from http://www.tarpdf.org/pdf/employee-competencies-of-taiwanese-international-trade-perceptions-of-pr_2fuav7.pdf
- Korsi, Z., Hasani, D. Z., & Korsi, A. (2014). Employee Skills, a Very Important Factor in Tourism Growth. Academic Journal of Interdisciplinary Studies, 3(2), 397–399. <http://doi.org/10.5901/ajis.2014.v3n2p397>
- Long, C. S., Wan Ismail, W. K., & Amin, S. M. (2013). The role of change agent as mediator in the relationship between HR competencies and organizational performance. The International Journal of Human Resource Management, 24(10), 2019–2033. JOUR. <http://doi.org/10.1080/09585192.2012.725080>

Majlesara, R., Afshari, R., Ghadimi, Z., Mohammadi, F., & Asadi, N. (2014). The influence of export skills on export performance : A case study of export companies in East Azerbaijan. *International Journal of Organizational Leadership*, 3(2014), 80–91.

Mwangi, G. K., Olayo, J. O., & Simuyu, A. N. (2015). Employee Skills, Management Style and Organizational Culture in Implementation of Strategic Plans in Middle Level Colleges in Thika Sub-County, Kenya. *International Journal of Business and Management*, 10(6), 199–207. <http://doi.org/10.5539/ijbm.v10n6p199>

Nasr, M. S., Aali, S., & Zende, A. B. (2011). A Model to Evaluate the Readiness of Iranian Enterprises to Gain Entry to International Market (The Most Locally Responsive Skills Required for Export Markets). *Middle-East Journal of Scientific Research*, 10(6), 691–697.

Puteh, F., Kaliannan, M., & Alam, N. (2015). Employee Core Competencies And Organizational Excellence : Proceedings of the Australasian Conference on Business and Social Sciences 2015, Sydney (in Partnership with The Journal of Developing Areas), 331–340.

Sekaran, U. (2003). *Research Methods For Business: A Skill-Building Approach*. New York: John Wiley & Sons, Inc. <http://doi.org/10.1017/CBO9781107415324.004>

Ting, Z., Guijun, L., & Bojun, L. (2010). Important export skills comparison in different export stage: An empirical study of Chinese firms. *Journal of Chinese Economic and Foreign Trade Studies Iss Journal of Chinese Economic and Foreign Trade Studies Iss Journal of Technology Management in China*, 3(3), 204–220. Retrieved from <http://dx.doi.org/10.1108/17544401011084299>

Wuim-pam, B. (2014). Employee Core Competencies for Effective Talent Management, 4(3), 49–55. <http://doi.org/10.5923/j.hrmr.20140403.01>