

GOVERNANCE OF THE COMPANIES IN THE CONTEXT OF STATE AND PUBLIC ACTIVITY

SECTION 2



DEVELOPING AND IMPROVING HUMAN CAPITAL AND PRODUCTIVITY IN PUBLIC COMPANIES

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Abstract

This article assesses the impact of the Assisted Education Programme (AEP) in developing, improving human capital and productivity specifically for eThekweni Municipality employee human resource. This programme offers funding to employees to further their studies in higher learning institutions, which are in partnership with and recognized by eThekweni Municipality. The core function of this programme is to improve and develop employee capabilities in order to enhance municipal productivity. However, different factors have prohibited the programme from reaching required funding polity objectives. Participants filled in questionnaires and from them data were collected. The study used quantitative research as a method of research. The target population for this study consisted of 100 participants. The study sample size were 64 participants which were randomly selected out of the Durban Solid Waste Unit, specifically general assistants. The study analyzed data using SPSS (version 23.0). A significant percentage of respondents indicated to a lack of transparency and poor consistency in the process of awarding the funding and to insufficient information, which detailed the criteria for eligibility of applicants. Henceforth, the study concluded that municipal employee underutilized the AEP because of being ill informed about it. This resulted in the employee perception that the programme had little or no benefit to them and that it had no value in improving their human capital development. This finding is shown by a Chi-square goodness of fit test to be statistically significant (std=1.49150; mean=2.7500; p=.000).

Keywords: Education, Return, Investment, Capital, Municipality

1. INTRODUCTION

The Strategic and New Development Department (SNDD) has been developing employees in line with AEP, which eThekweni Municipality (Skills and Development Unit) developed and monitored. AEP aimed to promote the principle of lifelong learning by encouraging employees to take responsibility for their own education and skills development. This, in turn, adds value to employee performance towards the achievement of eThekweni Municipality's Integrated Development Plans (IDP) (eThekweni Municipality: Assisted Education Policy, 2007). Manuti (2015) indicates that there is no evidence defining workplace learning. However, it is the development of individuals by providing them with

knowledge, skills, and the capacity to further their own learning both as employees and as citizens within a wider society. Erasmus, Leodoff, Mda, and Nel (2010) look at the concept of employee development as a group of employees within the organization rather than an individual development. Employee development is within the context of developing employees to achieve objectives and outcome of the organization. Wexley and Lathan (2002:3) argue that one of the three goals for training and developing is the improvement of the individual's level of self-awareness.

This is in agreement with the purpose statement of the AEP policy relevant to the Durban Solid Waste Unit (DSW). It aims to encourage lifelong learning in employees. This is said to further their

studies and develop their skills, which capacitates them to perform productively, in turn enhancing their ability to achieve the objectives of eThekweni Municipality. In addition, Saks and Haccoun (2010) suggest that an organization that invests in training and development tend to increase effectiveness and improve employee recruitment and retention. Furthermore, human capital development through training is an unavoidable requirement, which organizations require to survive (Sedeghi, Rahim, and Ebrahim, 2013). Development elites, skilled humans and human capital is an unavoidable requirement, which organizations require to survive and strive in today's changing world (Amiri and Sha Mohammadi, 2009). Lastly, the issues of incurred expenses during training programmes must be justified by the improved productivity of employees. Hence, a programme to evaluate employee skills and training is necessary to improve employee capacity. A reliable training evaluation practice will ensure that the decision to adopt a new training practice is the right one. This provides input on an organizational return for any given investment in a training programme (Satiman, Mansor and Zulkifli, 2015).

2. PROBLEM STATEMENT

In the past three financial years (2012/2013, 2013/2014 and 2014/2015) no tangible evidence that beneficiaries of AEP within the DSW Unit added value to their unit after attaining further education certifications. Such as the advanced National Diploma and Degree or/and skills training programmes has been identified (Operations Management Committee (2015). Further to this, there has been very little evaluation of the impact AEP has had on the productivity of the unit. If the evaluation process continues to be inadequate as exemplified above and remains uncorrected, it will cost the unit unnecessarily.

3. AIMS AND OBJECTIVES

3.1. Primary objective

The objective of this study is to ascertain the effectiveness of AEP towards improvement of the Durban Solid Waste (DSW) Unit.

3.2. Secondary objectives

The secondary objectives are as follows:

- To identify evident improvements to the unit attributed by the AEP,
- To identify causes deterring employees of the unit from maximizing usage of AEP, and
- To identify areas of improvement of AEP and make recommendations accordingly.

4. LITERATURE REVIEWS

4.1. Is training an investment or an expense?

Not all organizations regard training and development as an integral factor towards improving an organization's productivity. This is largely due to the perception that training and

development are expenses rather than investment (Saks and Haccoun, 2010). One of the countries that do not regard training and development as an investment is Canada, which ranks 20th in the world. Kurtus (2001) reveals that in order to train personnel, customers or suppliers, a company must pay for the development of training material and the time spent by the trainees in the classroom; this is absorbed through an in-house training department, paid to outside training companies, or a combination of the two. Such costs may typically include time off work, trainers, travel, and lodging expenses. Arguably, workplace-training programmes can be an important element of corporate strategy, which is a key avenue of expansion of knowledge base for all employees. This provides both the institution and the employees benefits that make the cost and time a valuable investment (Divya and Gomathi, 2015), it also equips employees with skills with which to be more innovative and make improvements in their undertakings (Ojokuku and Ogunwoye, 2014).

Furthermore, training and development provide employees with skills to make better decisions-problem-solve effectively, improved attitudes towards work and job satisfaction among other provisions. The organization benefits seen are: higher profits, better service delivery, capacitated human resource, enhanced corporate image among others (Erasmus *et al*, 2010). It is therefore important that Line Management assesses and evaluates the impact of any AEP within the Unit to determine whether it yields valuable results for the organization. PALAMA (2011:4) defines evaluation as a systematic assessment of strengths and weaknesses of the design, implementation, and results of completed or ongoing interventions. Organizations therefore, need to conduct effective evaluation by assessing the impact of training and development by measuring actions on performance (Thackwray, 2014). Training and development is intertwined with succession planning and management. Succession planning and management is a strategic process that involves identification, development and evaluation of intellectual capital to ensure that leadership continues within an organization (Bahouth, Blum and Simone, 2012).

4.2. Training evaluation assessment

National education systems are to be considered the bedrock of any economic growth and development in a given country (Akpomi, 2009). The world today is a global village and organizations, together with management, must be conversant and in tune with events around them. Education becomes a critical factor in preparing and empowering employees, which are required to sustain an organization (Anyadike, Emeh and Ukah, 2012). Saks and Haccoun (2010) describe training evaluation as a process designed to assess the value and the worthiness of the training programmes prescribed for employees and organizations using a variety of techniques, objectives and subjective information, which is gathered before, during and after training, to provide the data required to estimate the value of a training programme. However, there has been consistent pressure put on managers to develop employees according to the strategic objectives of the organization and to ensure that the organization

maintains a competitive advantage over its competitors (Opperman and Meyer, 2008). Furthermore, these training and development initiatives need to integrate the application of a needs analysis, assessment and evaluation practice.

Based on this statement, the researcher highlights the need for DSW Unit to maintain its competitive advantage over its competitors such as other Metropolitan entities for example Johannesburg Pikitup, Tswane municipality, Cape Town municipality and Enviroserv, (privately owned by initiating skills programmes), which are of benefit to the organization and its sustainability.

4.3. Return on investment

Training in the workplace is essential in improving employee knowledge and skills. Thus, there is continuous need to conduct training for employees since educated and skilled workers are more likely to perform more productively. Training of employees is viewed as return on investment, not as an expense, only if the training programmes are reviewed and evaluated to benefit the sustainability of the organization and the productivity of its employees. Of course, these investments should lead to result and learning (Sadeghi, Rahim and Ebrahim, 2013). In essence, ROI serves as an ultimate measure of accountability that compares the net benefits of a training programme to its costs ($ROI = \frac{\text{programme benefits} - \text{programme costs}}{\text{programme costs}} \times 100$ per cent) (Philips, Philips, Stone and Burkett, 2007). In fact, the greatest factor in measuring the ROI for training is the definition of training benefits. Measuring the amount of money generated by a group before and after the training, then comparing that improvement with the cost of the training is the way to measure the ROI (Kurtus, 2001).

5. RESEARCH METHODOLOGY

A quantitative method was utilised to collect primary data from DSW unit employees at a lower level. The researcher used closed questionnaire to collect data. The questionnaire was pretested in order to obtain the required information. The target population for this study consisted of 100 DSW general assistant staff members. A probability sampling method was utilised to select 64 participants.

5.1. Questionnaire design

The questionnaire was carefully designed to collect information from DSW employees on possible key variables that clarify the selection criteria used to allocate funding to employees and identify benefits thereof, that the funding offers employee productivity and sustainability potential possible for the organisation. Key questions are summarised in Table 1 below.

5.2. Data analysis

Primary data collected from the respondents were coded into the SPSS (23.0 version) computer package. Data captured was double-checked to ensure that information captured was error free. The

researcher conducted a Chi-square goodness-of-fit test to test the relationship of variables.

Table 1. Summary of key questions

Research area	Questions
Age	Please indicate your age group Response alternatives:5 options
Race	Please indicate your race Response alternatives:5 options
Knowledge of AEP	You are aware of the AEP Response alternatives:5 point Likert scale
Application for AEP	You have applied for the AEP Response alternatives:5 point Likert scale
Successful application	Your application was granted in line with the course you have applied for Response alternatives:5 point Likert scale
Correspondence on the status of the application was received	You received response from management notifying you of the outcome of your application Response alternatives:5 point Likert scale
Training programme/course registered for is in line with job description	Management advised you that the course you have chosen was in line or not in line with your Job Description or scarce skills of the Unit Response alternatives:5 point Likert scale
Constant evaluation and progress report on grant holders	Management have been supportive and checked the progress of your studies Response alternatives:5 point Likert scale
Promotion	You have been promoted to a job that is in line with what you have studied through AEP Response alternatives:5 point Likert scale
Transparency in awarding AEP	The awarding process is transparent and fair. Response alternatives:5 point Likert scale

5.2.1. Reliability test

In order to test reliability and validity of this study, Cronbach's Alpha was used to test at a 0.75 significant level. The overall reliability scores as shown below were high (0.908) for eight items tested. This indicates a high degree of acceptable, consistent scoring for the different categories for this research.

Table 2. Reliability score

Reliability statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.908	.935	8

5.2.2. Validity and reliability

In order determine and ensure validity and reliability, the questionnaire was pretested to the study sample size, this enabled thorough comparison of the questions and objectives of the study and moreover allowing for an efficient and reliable data collection instrument.

6. RESEARCH FINDINGS

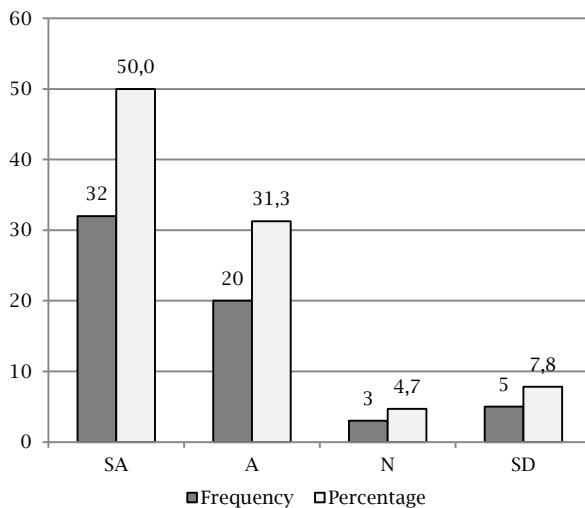
This section provides a detailed analysis of the finding and interpretation of the results. The presentations of the results are in the form of cross-tabulation, descriptive analysis and frequencies. The key finding of this research revealed the following:

Table 3. Age Group * Race Cross tabulation

Age group	Race		Total
	Africans	Indians	
26-29yrs	10	0	10
30-33yrs	15	3	18
34-37yrs	15	0	15
38-41yrs	8	9	17
42-45yrs	0	4	4
Total	48	16	64

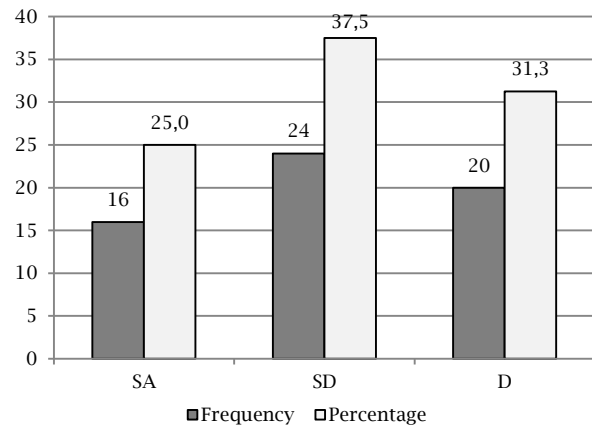
The cross-tabulation above shows the biographical data of the respondents. Most of the respondents 18 (28.1%) were between the ages of 30-33 years, while 17 (27%) were between the ages of 38-41 years, with 15 (23.4%) being between the ages of 34-37 years. The youngest age group and the oldest group scores were lower, with 10 (16%) being the age group between 26-29 years and only four (6.2%) of respondents were between the ages of 42-45 years. The cross-tabulation gives us a clear view of how the structure of the lower level employees at DSW unit appears. Moreover, it shows that most of the respondents were Africans 15 (47%) between the ages of 30-37 years. Compared to Indians with only three (4.6%) between the same years.

Figure 1. Knowledge of AEP



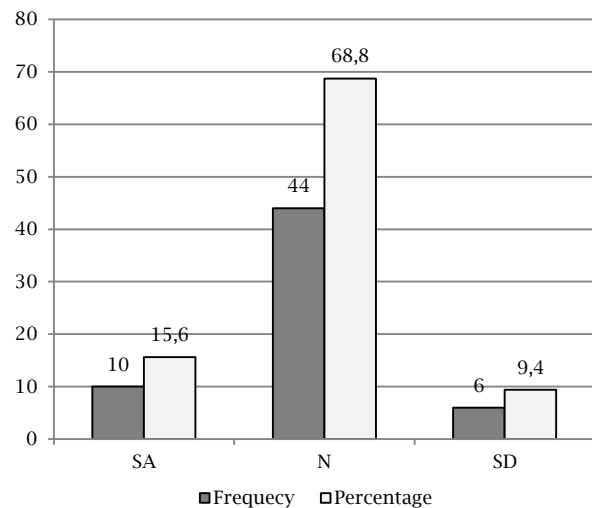
On the question of whether employees were aware of AEP, respondents were asked to indicate on a five point Likert scale, whether they strongly agree (1), agree (2), are neutral (3), disagree (4) and strongly disagree (5). Figure 1 illustrates clearly that half of the respondents 32 (50%) strongly agreed with the statement, with 20 (31.3%) agreeing, while 5 (7.8%) strongly disagreeing and 3 (4.7%) being neutral. The result of a Chi-square goodness-of-fit test showed this finding to be statistically Significant (std=.91117; mean=1.6833; p=0.00).

Figure 2. Application for the AEP



On the statement on whether the participants have applied for the AEP, most of the respondents 24 (37.5%) strongly disagree, with 20 (31.3%) disagreeing while 16 (25%) agreeing to have applied for the funding through the AEP. This is a clear indication that, although there are funds budgeted for human capacity development, very few employees are aware of such funds and how these funds are utilised in order to enhance their abilities and scholarly qualifications. The result of a Chi-square goodness-of-fit test showed this finding to be statistically Significant (std=1.59943; mean=3.5333; p=.000).

Figure 3. Successful applications are in line with course



As illustrated in Figure 3 the majority of the respondents 44 (68.8%) were neutral on whether their applications were granted in line with the course they had applied for, while 10 (15.6%) strongly agreed with the statement and slightly below that: 6 (9.4%) strongly disagreed. This clearly indicates that the beneficiaries of AEP are ill or under informed about the importance of aligning their educational programmes with their job profile and description. This suggests that the organisation is awarding and approving applications, not accurately matched to the applicant's capacity development. Major concerns hover around this

factor, as it is pivotal for the organisation to clearly evaluate and streamline training programmes that will enhance employee's abilities in job positions they currently occupy. The result of a Chi-square goodness-of-fit test showed this finding to be statistically significant (std=.85105; mean=2.7667; p=.000).

Figure 4. Correspondence on the status of the application was received

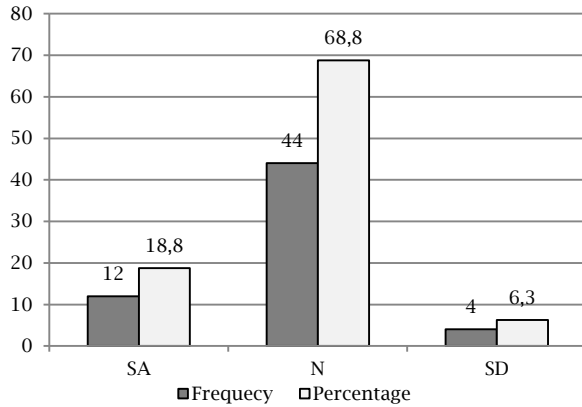


Figure 4 shows that most of the respondents 44 (68.8%) are neutral with the statement on whether they received responses from management notifying them of the outcome of their applications. 12 (18.8%) strongly agreed that responses were communicated to the applicants, while only 4 (6.3%) strongly disagreed. This contributes to employees being discouraged in the course of the programme due to poor communication between them and the institution particularly alerting them of the status of their applications. The result of a Chi-square goodness-of-fit test showed this finding to be statistically significant (std=.87656; mean=2.6667; p=.000).

Figure 5. Training programme/course registered for is in line with job description

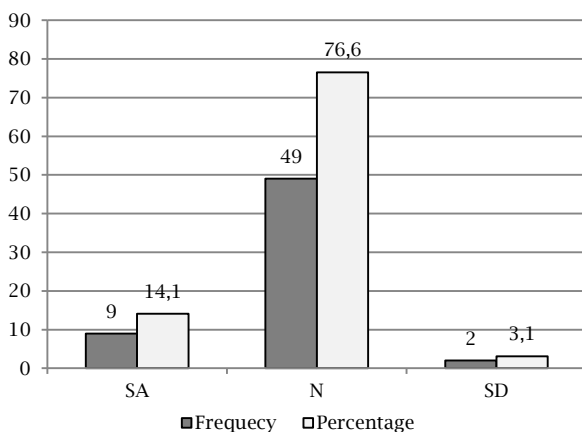


Figure 5 reflects that most of the respondents 49, (76.6%) indicated neutral on whether management advised them of choice of courses and helped them align their choices with their Job description or filled gaps in Unit skills set. 9 (14.1%) strongly agreed with the statement and 2 (3.1%) strongly disagreed. This is quite interesting, as most

of the respondents were neutral to the statement, taking into consideration that the EAP policy procedures claim that applicants are provided with detailed information regarding courses they intend to study. If that were the case, most of the respondents would have strongly agreed with the statement above. The result of a Chi-square goodness-of-fit-test showed this finding to be statistically significant (std=.75614; mean=2.7333; p=.000).

Figure 6. Constant evaluation and progress report on grant holders

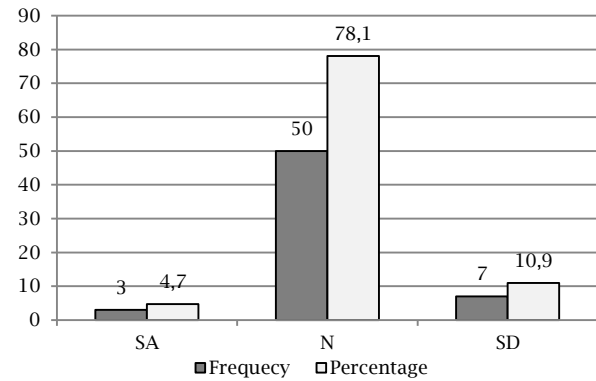
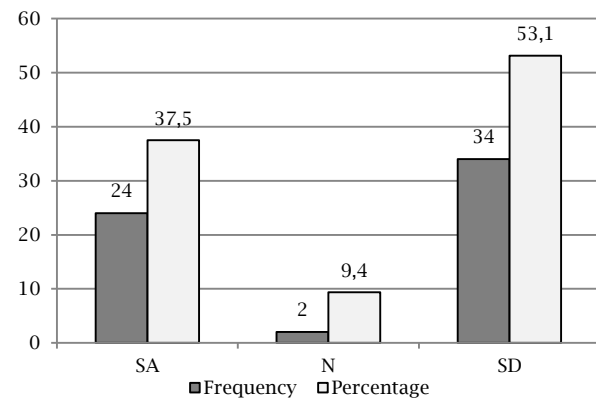


Figure 6 above depicts that the majority of the respondents 50 (78.1%) were neutral on whether management have been supportive and checked the progress of their studies, while 7 (10.9%) strongly disagreed and only 3 (4.7%) strongly agreed with the statement. This is a clear indication that there is very little evaluation by the management in fast tracking the progress made by AEP beneficiaries. Continuously funding employees to enrol in tertiary institutions might cost the organisation huge sums of money. This finding is shown by a Chi-square goodness-of-fit test to be statistically significant (std=.56723; mean=3.0167; p=.000).

Figure 7. The awarding process is transparent and benefiting from the programme



The illustration in Figure 7 shows that slightly more than half of the respondents 34 (53.1%) are strongly disagreeing with the statement on whether the awarding process is transparent and beneficial to them in their work, while 24 (37.5%) strongly agreed with 2 (9.4%) being neutral to the statement. This is critical factor which has contributed in staff

members from applying for the funding. The management needs to take drastically measures in alleviating the current situation as employees have lost faith in the organisation internal processes. This finding is shown by a Chi-square goodness-of-fit test to be statistically significant (std=1.49150; mean=2.7500; p=.000).

7. LIMITATIONS

This study is limited to eThekweni Municipality (DSW Unit) in Durban. Hence, the results intended in this study for the particular unit and not any other unit within EThekweni Municipality or outside. However, the findings function to better administer the AEP to employees within municipalities.

8. RECOMMENDATIONS

It is evident from the results of this study; that lack of communication and comprehension of AEP as a programme was the major obstacle prohibiting employees from benefitting from AEP. The recommendations that follow will be integral to assist in enhancing the administration of AEP. The respondents were by a big majority not aware of the procedures of applying for AEP. This has lowered the number of participants in the programme and deprived employees of the potential the programme has in developing their human capacity. According to literature, continuous coaching, and availing of educational programmes to employees are essential because they equip employees with current knowledge and innovations adopted in the modern business sphere. Therefore, it is crucial that employees be made regularly aware of the benefits availed to them through the AEP.

The issue of transparency when awarding funding needs to be assessed for its integrity. The study recommends that the reviewing panel investigate the organization prior to commencing the programme to determine whether applicants are actually applying for funds in accordance to each employee's job profile. This is to ensure that all training provided is within and corresponds with the objectives of the organization and that sustain benefits to the organization. It is further recommended that the organization conducts an evaluation process and all beneficiaries of the AEP commit, by way of a contract or similar to submit progress reports.

9. CONCLUSION

The aim of the AEP is to promote the principle of lifelong learning, by encouraging employees to take responsibility of their own education and skills development. This in turn, it is projected, will bear fruit at the benefit of the organization, where efficiency and effectiveness of the employees will bring yield profit and contribute immensely on the organizations' productivity. The findings of this study are rooted on the key findings on the study objectives. The survey concludes that the AEP programme has, at this time, not entirely benefited and improved the productivity of staff as most of them have not been afforded the opportunity to study further and develop their capabilities. This resulted in the employee perception that the

programme had little or no benefit to them and that it had no value in improving their human capital development. This study further concluded that lack of consistent regular skills development and educational programmes reduce the organizations ability to rise to the occasion when new trends appear and technology improves. While it is highly important for organizations to manage skills development or other educational programmes, it is also equally important that these programmes be evaluated for their relevance to the organization. Therefore, the study also concluded that employee training and development is an important factor in the development of the organization's productivity and longevity. Lastly, marketability of such programmes as AEP is dependent on the programme benefits comprehension adequately reaching its beneficiaries that is both organization and employees. Evaluation procedures put in place to measure internal comprehension of the programme and its policies are vital to implement.

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