

Exploratory Assessment of Firm's Performance Investigating Annual Productivity: Interpretation of Annual Reports by Comparing Ghana to the U.S.A

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ABSTRACT

Purpose: The study investigates the performance of firms in Ghana and U.S by measuring and comparing their annual productivity level, to determine which of them performs better. This study develops and analyses conceptual model, looking at the impact of these firms on citizenry.

Methodology: Qualitative method consisting of exploratory survey of one firm in Ghana and one firms in the U.S was adopted.

Findings: The findings suggest that U.S firms demonstrate higher employment, productivity, wages and salaries, than Ghanaian firms. The U.S firms input many resources; excellent managerial abilities however, carry out motivational incentives to their employees than Ghana.

Research Implications: This paper suggests a conceptual framework which extends the good performance theory to consider productivity effects and benefits in organizations. The study develops two propositions to guide future research.

Practical implications: The study provides employers and government with a 'theoretically-inspired' framework which goes beyond the provision of mere employment, however force to identify needs for improvement purpose for developmental initiatives.

Originality/Value: The conceptual framework extends development of good performance theory in higher productivity and surely informs future research on good performance and higher productivity.

Keywords: Good performance, Ability, Resources, motivation, higher productivity.

Introduction

The aim of service and production business within the context of global crate and job creation are not just to satisfy their transactions and avenues for occupation and engagement but also increase performance highly in order to yield what is expected of them with acceptable increasingly productivity. Performance appreciated levels in

running firms is a tasteful appetite in which every organization would like to achieve instantly or in the long-term to match with the global competitive landscape of quality products but literature reveals that this cannot be easily achieved on a silver platter without potentially keeping it's concepts in the framework operating on the scale of marginalized standards. Even though research on firm performance and productivity advanced in the U.S and some acceptable levels in Ghana, four limitations warrant further investigation;

1. Training,
 2. Performance Appraisal,
 3. Resources and
 4. Motivation.
- These limitations were found so severe among Ghanaian firms than U.S firms however, these limitations, concepts and constructs are fully discussed in the following chapters of this study.

Increasing Productivity through Training

"As the diversified global environment continues to expand, and self-directed work teams continue to increase in numbers, constant training becomes necessary for companies to remain competitive" LUSSIER R.N. (1996). *Human Relations in Organizations* 3rd ed. He also confirmed that, "researchers found that successful companies adjust to changes quickly because they have employees who are performance driven, and that employees are performance drive because people skills are valued and employees receive World-class training" (Lussier, 1996 3rd ed. P. 458) these transformations took place in the US but not Ghana.

Whenever a position is staffed by new or any existing employee, training is immediately affected to do the job. "Training is the process of developing the necessary skills to perform the present job. Development is the process of developing the ability to perform both present and future jobs" (Lussier, 1996 3rd ed. P. 458). Technical skills of non-managers are developed through training, but development is mostly less technical, designed for managerial and technical

employees. Since changes occur, existing require training and development.

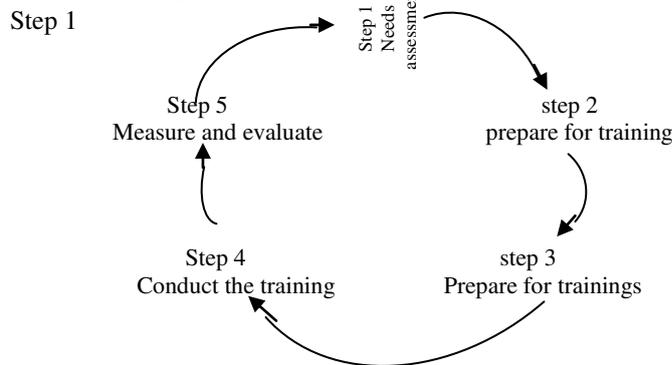
The Role of Supervisor in Training

The Supervisor’s role to train changes with organizational size. “In large organizations with training departments, the supervisor may get help in training employees. In small organizations without training specialist, the supervisor may have sole responsibility for training employees. The two major classifications of training are off-the-job and-on-the-job training” (Lussier, 1996 3rd ed. P. 458)

Of-the-job-Training: The practice, job skills are not taught sometimes at work site. Most large retail stores train their new employees in training rooms especially how to run cash registers etc. training specialists’ conduct the training and this type is called ‘vestibule training’, developing technical skills in the trainee.

On-the-job Training: This training is done at the work site. The supervisor or departmental employee appointed does the training. “In either case, it is the supervisor’s responsibility to see that the employees are taught the proper skills to do their jobs effectively” (Lussier, 1996 3rd ed. P. 458).

THE TRAINING CYCLE



(Source: Lussier R.N. 1996 *Human relations in organizations*. 3rd ed. P. 461).

Interpretations

Steps 1; Conduct Needs Assessment: The commencement of training requires someone to determine things that are necessary for the employees.

Step 2: Setting objectives; Well-defined, performance-based objectives are the key to training programmes. This will lead to uncover the end results you want to obtain and briefing encouragement.

Step 3: - Preparation for training: Plan a training session with necessary materials ready before you start to conduct the training session.

Step 4:- Conduct the training: Consolidate and follow your plans with just-in-time implementation program. Handle JIT Plan and materials needed. In spite of other methods of trainings, still implement yours.

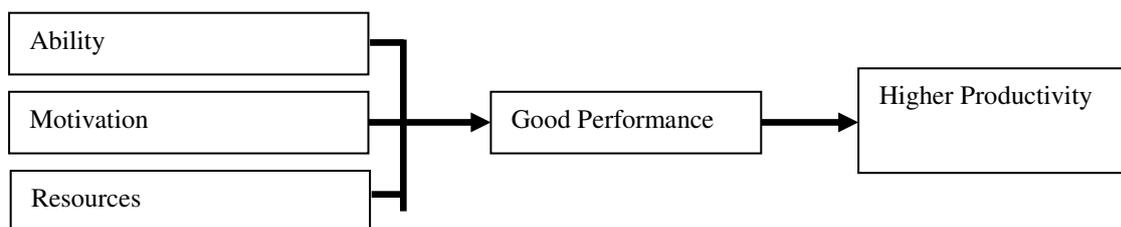
Step 5 “Measure and Evaluate Training Results:

“During and at the end of the training program, you should measure and evaluate the training results to determine whether or not the trainees achieved the objectives of the training program. If objectives were achieved, the training is over. If not, you may have to continue the training until objectives are met, or take three employees off the job if they cannot meet the standards”, (Lussier, 1996 3rd ed. P. 458-9).

Theoretical Development

The construct (higher productivity) represents the dependent variable of basic importance in this study, in which the constructs (ability, motivation, Resources and good performance) are the independent variables.

Fig. 1.



The constructs, 1. Ability, 2. Motivation and 3. Resources play respective roles in their contributions towards 'good performance' and subsequently 'higher productivity'. The less all of them or each member contribute(s), the higher the probability of 'poor performance' and 'low or very low productivity'. However, with the absence of these three constructs simple means there is absent job creation, nil performance and absent productivity. Also, the less the coordination between these three constructs will reflect questionable radiations on 'good performance' with relatively unpredicted productivity. Each of the three independent variables play outstanding roles in the job formulation procedure of which 'ability' indicates the academic and professional knowledge, skills, expertise, and intuition used in the application of exploration of new opportunities and exploitation of existing competences relative to timely innovation which supervises the idea of motivation and how to source and apply resources. Motivation and resources are direct 'elements' of ability in which resources constitute the technical and financial inputs to run the business. Therefore, ability relates it's counterparts of motivation and resources in the positive sense and vice versa however, the three also positively relates good performance and finally, the three independent variables including good performance positively relates higher productivity, so that the poor account of each affects the whole system. These relationships are represented in Fig. 1. The study closes on important related discussions and conclusion.

Productivity

Firms compete in different environments where the pressure to increasing productivity with quality also increases. Productivity has been the first business concern for so many years. "U.S. businesses are still the most productive in the world, but this lead has been shrinking for decades. Unless growth significantly increases within the near future, our lead may disappear completely. For example, Japanese plants turn out two to three times more cars per worker than U.S or European plants. The major means used to increase productivity and quality is through participative management in which employers are involved in decision making" (e.g. Lussier, 1996 3rd ed. P. 455).

Measuring Productivity

Productivity measurement play a vital role in monitoring firms' performance even though some methods do not give accurate, effective and sensitive way to measure efficiency. Inputs measures are simpler than effects. These are recent support for in-of-productivity measurement than

money units. For example, a motto car travelled 20 miles and used 25 gallons of diesel. Its productivity was 5 miles to the gallon.

Output-20miles travelled

Inputs-25 gallons of diesel = productivity of 5MPG

Increasing Productivity

There is the need to stress increase in productivity in the following three ways:

1. Maintain the value of inputs and increase the value of outputs.
2. Decrease the value of inputs and maintain the value of outputs.
3. Decrease the value of inputs and increase the value of outputs. These are essential ideas within the technical systems of production.

Performance and Productivity - Relationships

When expectations have been met to some extent, there is performance. If expectations are increased and then met, increases productivity. Hence, Ability x Motivation x Resources, defines the performance formula. Motivating employees increases performance.

When employee ability and resources are increased performance and productivity will also increase as well.

Increasing Productivity through Resources

Financial and physical resources

1. **Capital Equipment:** Lussier elaborated the following;

"Capital equipment is a major way of increasing productivity because new equipment can often save time. Organizations should invest in the latest technology such as Cad/CAM, robots and flexible machines centers. However, capital equipment is often put off because organizations are not sure of the results until the equipment is up and running. New equipment tends to decrease productivity in the first year. And some service industry firms find computers don't always raise productivity. Organizations need to focus on the long run because equipment tends to increase productivity for 10 years" (Lussier, 1996 3rd ed. P. 457).

2. **Reduce Waste:** To avoid wasting ones capital resources may lead to increase productivity. In most departments, waste can be found and reduced by Managers. It is a cost cutting focus. Identically, several organizations reduce waste to the decreasing their efficiency and productivity.
3. **Inventions:** Having excess stock of raw-materials, stock of finished goods and work-in-progress (WIP) is very expensive. This time, many organizations make use of just-in-time inventory to keep stock at minimum. It is

necessary for supervisors to complete WIP as early as possible.

4. **Budgets:** The development and spending of budgets should follow exact value relative to the department by Managers.
5. **Space:** It is very important to use the department's space productively as possible. Buy new equipment to increase as productivity to compete big businesses. Focus on reducing budgets, inventories, waste, and space-Before you proceed to buy new equipment, investigate why bi businesses are more productive. Follows the guidelines of decision making and problem solving.

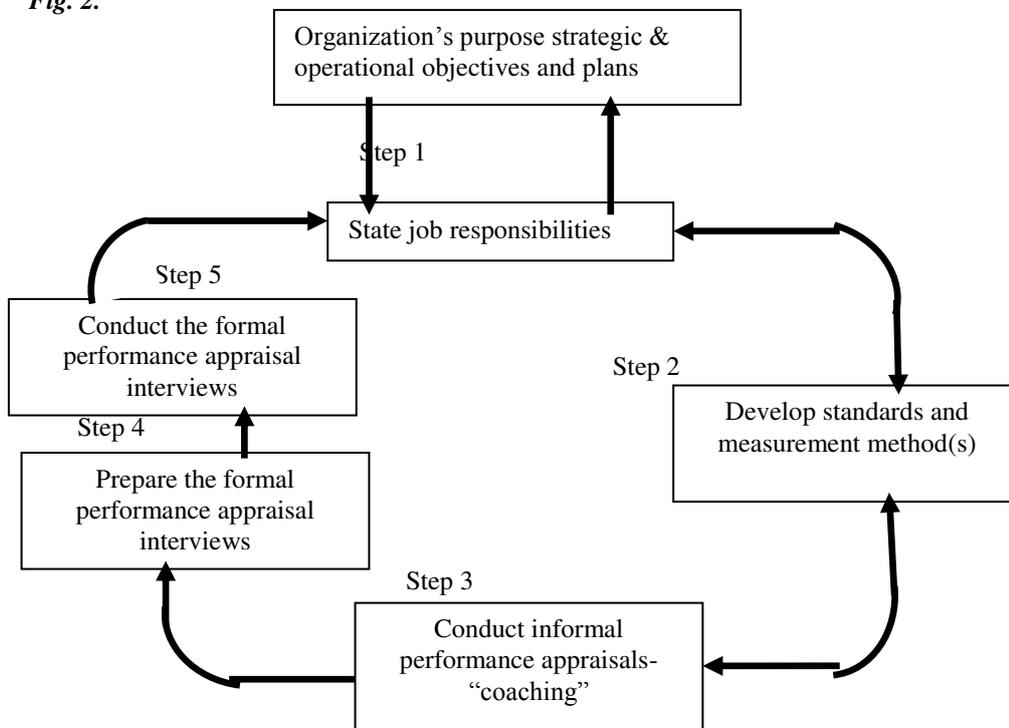
Means of increasing productivity-performance Appraisal

Hired employees, during and after training must be evaluated. "Performance appraised is the ongoing process of evaluating employee job performance. Performance appraisal is also called performance job evaluation, performance review, merit rating, and performance audit" (e.g. Lussier, 1996 3rd ed. P. 460). Performance appraisal is so important but most difficult duties for managers.

Feedbacks to performance are given on daily bases. Lussier states, "Conducted properly performance appraisal can decrease absenteeism and turnover, and increase morale and productivity" (Lussier, 1996 3rd ed. P. 460)

PERFORMANCE APPRAISAL STEPS

Fig. 2.



(Source: Lussier R.N. 1996. *Human relations in organizations* 3rd ed. P. 461)

Lussier commented that: "the performance of employees is appraised according to two sets of objectives 1) developmental and (2) evaluative. Developmental objectives are used as the basis of decisions that improve future performance. Some of the objectives include: to ensure that employees know what their responsibilities are and the standards of performance they are expected to achieve, and to give employees feedback on how well they are doing their jobs. Evaluate objectives are used as the basis of administrative decisions that reward or punish past performance. Some of the objectives include: to give employees feedback on how well they performed over the last evaluation period; to make compensation decisions

(e.g. wage and salary increases, bonus pay); and to make demotion, termination, transfer, and promotion decisions". (Lussier, 1996. *Human relations in organizations* 3rd ed. P. 460). Based on performance appraised, development objectives can lead definitely too increased productivity.

Step 1: State job responsibility. The employee's job description states basic task and responsibilities ranked in order of importance, given by employer.

Step 2: Develop standards and measurements methods: "Standards need to be established, because they are the backbone of the performance appraisal. The term standards described performance levels in the areas of quantity, time, and cost" (e.g. Lussier, 1996 3rd ed. P. 460)

Step 3: conduct informal performance Appraisal – “Coaching”: “performance appraisals should not merely be formal once-a-year, one-hour session. Employees need regular informal feedback on their performance. The employee performing below standard may need daily or weekly coaching to reach increased productivity. The supervisor’s new emerging role is that of a coach rather than that of a dictator, as it tended to be in the past” (e.g. Lussier, 1996 3rd ed. P. 462).

Step 4: Prepare for the formal Performance Interviews: (e.g. Lussier, 1996 3rd ed. P. 464) stated that; “Failure to plan for the performance appraisal is planning to fail. Most organizations use a formal measurement tool. The manager should spend time carefully filling it out”.

Step 5: Conduct the Formal Performance Appraisal Interviews: “The formal performance appraisal should be conducted so that the reasons why employees dislike performance appraisals are not a problem. If an employee gets an average, rather than a good, rating, the manager should be able to clearly explain why she or he did not get their higher rating. The employee should understand what needs to be done during the next performance period to get the higher rating. Clear standards should eliminate any surprises during the formal performance appraisal” (Lussier, 1996 3rd ed. P. 464). These steps are crucial indeed to good performance appraisal in every organization.

Higher Productivity-Ghana Compared to the U.S.

Clearer indication can only be obtained if selected firms from both countries are compared on the bases of annual productivity. However one firm has been selected from each country for this purpose.

From the U.S

**“AMERICAN EXPRESS COMPANY
3 WORLD FINANCIAL CENTRES
NEW YORK, NEW YORK 10285”**

OVERVIEW: Provides credit cards, travelers checks, and other financial, services. Established: 1850. **Ownership:** Public. **KEY STATISTICS:** Annual Sales: \$16.2 billion. Number of Employees: 72,229.

HIRING HISTORY: Number of Professional employees hired in 1960:100.

EXPERTISE/EDUCATION SOUGHT: Marketing, finance, accounting, auditing, data processing, human resources, operations, sales, technology.

ALTERNATIVES TO FULL-TIME EMPLOYMENT: Paid internships.

INTERNATIONAL ASSIGNMENTS: are available to employees.

CONTACT: American Express Tower, New York, New York, 10285”. (E.g. Peterson, 1998 15th ed. P. 199).

From Ghana

JUAPONG TEXTILES LTD.

P.O. BOX 1

JUAPONG- VOLTA REGION

OVERVIEW: Weaves gray cloth

KEY STATISTICS: Annual sales: Gh¢10m (2.5) million USD.

NUMBER OF EMPLOYEES: 922

EXPERTISE/EDUCATION SOUGHT: TRADES MEDN, Technical, Factory hands, electricians etc.

EMPLOYMENT: Full time, part-time

Observation and Findings

Examinations of their key statistics show that, the annual sales of ‘American Express Company’ in the U.S are \$16.2 billion as compared to ‘Juapong Textiles Limited’ in Ghana which recorded Annual sales of \$2.5 million. Firm’s performance and annual productivity went higher in the U.S than in Ghana. This means that, the constructs of ‘Ability, Motivation and Resources’ including some other performance components are better make use of (applied)seriously in the U.S firms than in the Ghanaian firms. Also, employment rate in the U.S firm recorded 72,229 employees as against 922 employees in the Ghanaian firm to comment that, higher performance and productivity encourages higher intake of employees and domain expansions due to effective innovations, entrepreneurial strategies with concentration on research and developmental activities.

Motivation

Lussier outlined the following; “The term motivation means the internal process leading to behavior to satisfy needs. Have you ever wondered why people do the things they do?”

The primary reason people do what they do is meet their needs or wants. The process people go through to meet their needs is:

Need → motivation → behavior →satisfaction or Dissatisfaction”
(e.g. Lussier, 1996 3rd ed. P. 172).

WHY TO MOTIVATE EMPLOYEES

- Businesses are now aware that when work force is motivated and satisfied, they contribute to the bottom line significantly.
- “In the global environment, the united States is losing ground in productivity to Japan, France, Germany, and Italy. The most significant hurdle to productivity is motivation. The old belief was that if you paid people adequately they

would be motivated. However, today we realize that money is not the prime motivator; job satisfaction is. Current research has also found that motivation theories that apply to North American workers do not apply in other countries. With cultural diversity knowing how to motivate employees becomes more complex” (Lussier, 1996 3rd ed. P. 172.

- Within the medium of total quality management with self-directed groups there is stress on management by influence instead of control organizations are currently motivating employees through (power) empowerment.

MOTIVATION AFFECTS PERFORMANCE, BEHAVIOUR AND HUMAN RELATIONS

Behavior and Humana Relations:

Needs is activated by all behavior. Meanwhile, the difference between needs and motives tend to be complex in nature. Our needs are not always known to us or the reason for doing things we do. If we understand our needs will help us understand our behaviors.

Motives are not observable; but behavior can be observed to decide our motive. Since people do the same things for different reasons, it is uneasy to know why a person behaved in a particular way. Also, socialization directly affects human relations of people. “people with a high need for socialization tend to be more outgoing and friendly, while those who do not have as high a need tend to be more reserved” 9e.g. Lussier, 1996 3rd ed. P. 173).

Motivation Affects Performance

Lussier (1996) 3rd ed. P. 173 stated that; “Generally, an employee who is motivated will try harder to do a good job than one who is not motivated. However, performance is not simply based on motivation. The level of performance attained is determined by three independent factors: ability, motivation and resources. This relationship can be stated as a performance formula: Performance= Ability x Motivation X Resources. He concluded that, for performance levels to be high, all three factors must be high. If anyone is low or missing, the performance level will be adversely affected”.

Needs Hierarchy

“The needs hierarchy is Maslow’s theory of motivation that is based on five needs.

1. **Physiological Needs:** These are the primary needs of employee’s e.g. air, food, shelter, sex, and relief.
2. **Safety Needs:** These are safety and security.

3. **Social Needs:** These include love, friendship, acceptance, and affection.
4. **Esteem Needs:** These include focus on ego, status, self-respect, recognition for accomplishments.
5. **Self-Actualization:** These are developments of one’s full potential towards growth, achievement, and advancement” (Lussier, 1996 3rd ed. P. 174).

Conclusion

Observation and findings is a clear indication to say that firms in the U.S are highly productive and perform better than their Ghanaian counterparts. This is because factors that influence good performance and higher productivity are more emphasized with component application in the U.S than in Ghana. This serious conduct pave the way for practicing innovation, entrepreneurship research and development including good management in the U.S more than in Ghana. This is why there are more industrial firms in the U.S than in Ghana. The study vacancies in the U.S induce higher chance for occupation and engagement than in Ghana. Finally, Ghanaian firms need to backup sufficiently to match with or remain competitive to global employment landscape.

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