

LABOUR PRODUCTIVITY AND ECONOMIC GROWTH IN PUBLIC ORGANIZATION

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ABSTRACT :

Human capital , Physical capital and efficiency generally acts as yardstick for measuring the economic growth of an organization. However human and physical capital are put together used for producing output which as known as productivity. Which is particular important for developing countries. In fact labour productivity plays an important role for the success of any type of organization. This paper provides guidelines to improve labour productivity, efficient utilizing of human capital and impact of training and development on performance and rate productivity. Hence forth the results reveal that there is significant relationship between the employee training and performance. In fact the employee involvement and commitment levels of employees may lead to economic development of the organization.

Key Words: Labour Productivity, Economic Growth.

Introduction:

Human Resource Management is assuming more critical role today due to increase in technology and knowledge base industries and as a result of global competition. Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives. Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long-term impact on the success of organization.

Organizational objectives can be achieved by individuals and team efforts. The organizational objectives can be achieved by effective utilization of human resources, by ensuring to recruit and retain personnel in the organization and by developing personnel to Coda, Cesar, A.M.R.V.C., Bido, D.S, and Louffat, E.(2009) defined HRM functions as all the activities and processes involved in the management and development of people in an organization from the period of hiring or acquisition and retention to the point of exit. The functions of HRM include resourcing and retention, compensation and rewards, training and development, performance appraisal, benefits and relations with an employee.

According to Buhler(2002) the functions like recruitment and selection, human resource development, compensation and benefits and safety and health which are used as a key to the management of human resource and for the effective improvement of performance in the organization.

OBJECTIVES :

1. To study the role of training and development on Labour productivity in public organizations .
2. To investigate whether training and development has impact on employees' performance and productivity in public organizations.
3. To study and analyze the factors influencing Labour Productivity.

HYPOTHESIS:

1. Ho1: Training and development has no influence on labour productivity in case of public organization.
Ho2: Training and development has influence on labour productivity in case of public organization .
2. Ho1: Labour productivity has no influence on economic development of public organization
Ho2: Labour productivity has influence on economic development of public organization.

REVIEW OF LITERATURE:

Humphries and Dyer (2001) concluded that organizations provide training or development programs to their employees so that they can align and prepare themselves for present and future organizational needs. Organizations spend an enormous amount of time and money on training in order to assist employee's learning of job-related competencies (Cascio,1991; Noe,2006). Becker(1964) concluded that the organization should continuously provide with new skills for the development of the organization and training the employee should be continuous.

Davidove and Schroeder (1992), Huselid, M.A.(1995) concluded that the revenue cycle is driven by knowledge, innovation, and creativity – all of which come from employees. Employers must actively manage these assets by investing in training. Either training evaluation is carried out in a very casual way, or it does not exist at all in many organizations and the lack of this information makes it impossible either to prove the value of training or to find reasons for its existence.

Rolf & Pareek (2002) outlines some of the consequences of inadequate training as poor planning skills and decision making, which in turn will repay the organization's profit and success. Other symptoms of inadequate training include overtime, high labor turnover, and poor employee morale. Finally by utilizing on the job training and off training methods employees are in the position

to get the necessary skills/knowledge which will make them be more effective and efficient in the organization.

Berman et al. (2001) argues that training effectiveness is constrained because of inadequate transfer of learning from the training environment to workplace environment and they also criticize the current belief that effective training is necessary. The argument is that mere training is not sufficient in improving performance. This line of argument emphasizes that no discussion on the effectiveness of training would be complete without considering the role of human resource utilization. However, most training attempts to improve the organization and process performance by addressing only one level (the job level) and only one dimension of the job level (skills and knowledge). As a result, the training has no significant long-term, training money is wasted, and trainees are frustrated and confused. If inappropriate training method is used then the results will not play any role in the business organization, which will be a waste of resources.

Thomas (1992) stated that though several approaches are used to evaluate training program in the organization but there is no one best way of evaluation, just as there is no best way to train employees. Training results can be best identified mainly on the organizational performance which is triggered by employee performance. This involves the comparison of statistical indicators of performance before and after training took place. The measurement indicators include sales volume and revenue, levels of customer complaints, quality and quantity variables in cost reduction, productivity ratios, cost ratios in terms of stock level and debt collection periods and industrial relations (labor turnover rates; absenteeism, grievances).

The human resources are the most vital resources for any organization. It is responsible for each and every decision were taken, each and every work done and each and every result. Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary rewards to employees. Compensation management is an integral part of human resources management which helps in motivating the employees and improving organizational effectiveness.

Colville and Millner (2011) noticed that organizations are not recognizing the change caused due to the implementation of performance management and they are trying to implement the change just by seeing other organizations are doing. Even they explained the change in performance management system with the help of past and future changes. The past changes include competencies inclusion, more regular meetings/ feedback, enhancing pay links, simplification, links performance management to strategic business goals. Whereas future change is due to enhancing link with pay,

streamlining of performance with management process, providing more coaching/ development for appraisers, review/ improve rating process, more regular feedbacks.

Sillup et al.(2010) suggested that every organization should consider performance appraisal as the main priority. Treat this performance appraisal as one of the main organizational objectives and integral part of their jobs rather than duty of measuring the performance

Devaraj and Kohli (2003) argued that adaptation of technology also changes the routines, business processes, and work habits. So, HR professionals need to have the competencies of changes management. HR managers need also new competencies on technology and more knowledge on facilities of technology before they had in the past. As a result, applications of technology in the HR functions, affect HR practices and make HR professionals develop their level of performance.

Murnane, Levy and Autor (1999) also studied how the lower-skilled jobs in check processing were redesigned with the introduction of image processing technology. The outcomes for these jobs were more complex, in that instance of both increases and decreases in skill and pay occurred. The transformation required a structured training program and worker buy-in to be successful.

Opkara (2004) and Samad (2007) concluded that if the workforce is satisfied with their job as well as the organizational environment including its colleagues, compensation, and leadership they will be more committed to their organization as compared to when they are not satisfied. The importance of these two areas cannot be overlooked because they are the key factors that influence employee's turnover, employee's performance, and their productivity. The satisfied and committed workforce is usually are contributor and performer towards enhancing organizational productivity. On the basis of above discussion, it is evident that employee compensation has some positive impact on the employee's job satisfaction and organizational commitment. Organizations that have better compensation management system put a very positive impact on their employees.

PRESENT STUDY :

The study is to analyze the existing practices relating to labour productivity and economic development of the employees , a reputed public organization with business interests in Steel . The present survey was conducted in a Public sector Organization. It covers mostly the executives , workers and staff. The study covers various aspects like Building human capacities, Rewards and Compensation , Employee Involvement and Commitment and Performance Management. The methodology of selecting the sample respondents can be explained in three stages.

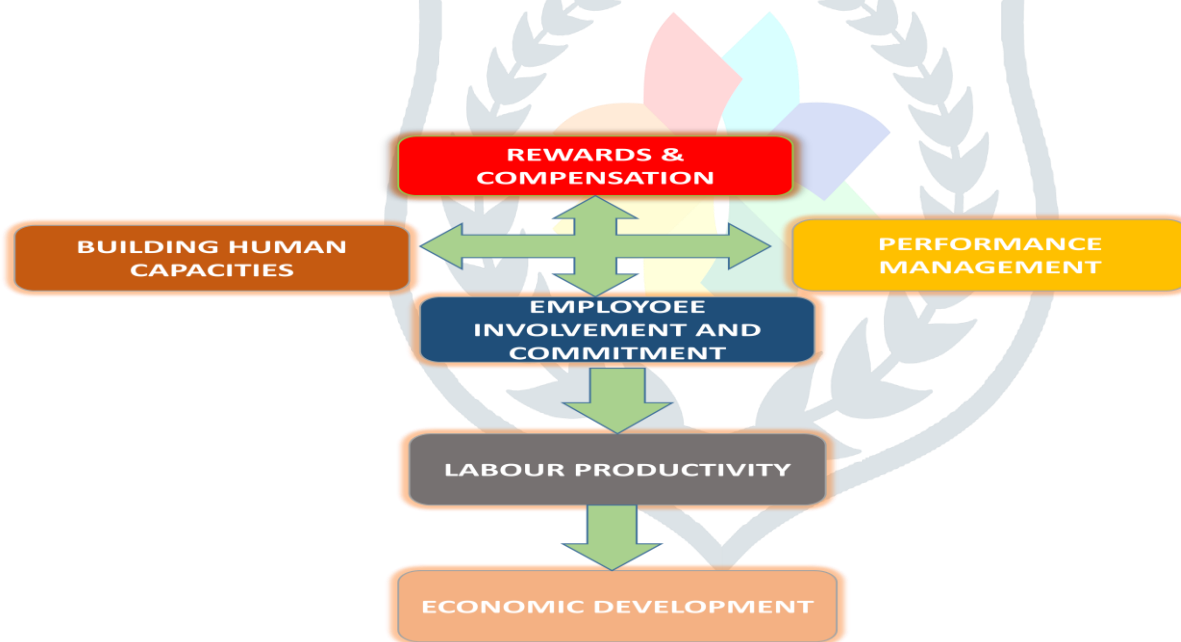
Out of the total population of 18,153 regular employees' of the selected organization, only 410 employees are selected as per Jeff Watson formulae (2001). In the next stage, respondents are selected conveniently (whoever is available and can spare time to fill up the questionnaire).

Table.No.1

Distribution of sample respondents, according to Department and Area of Technology

SL.NO	Type Of Department	Total
1	Works	365
2	Non-Works	45
	Total	410

The focus of the study is on the perceptions of sample respondents selected from works and non-works departments.



Building Human Capacities

Public Organizations in general, strike hard for building human capacities by providing training facilities for improving the skills of employees. Training programs are meant for not only to develop the individual skills but also the organizational abilities. Therefore, building human capacities is said to be an important human resource practice for any organization.

Data collected on nine identified items relating to training and development activities and the respondent's opinions are calculated and presented in table no.2

Table No.2
Building Human Capacities and percentage distribution
of respondents' Opinions

S.No	Items	HD	D	CS	S	HS	Mean	SD	PS
1.	The training and development facilities provided.	1.7	4.6	5.9	60.2	27.6	4.07	0.82	76.83
2.	Content of the programmes	1.7	4.4	9.8	66.8	17.3	3.94	0.77	73.41
3.	The trainers provided	2.2	3.4	13.9	59.3	21.2	3.94	0.83	73.48
4.	Quality of the training and development programmes.	1.0	2.9	13.4	61.7	21	3.99	0.74	74.70
5.	Relevance of the programmes to job requirement.	1.7	7.6	12.4	54.6	23.7	3.91	0.90	72.74
6.	Learning environment in the organization.	1.2	7.3	9.8	63.2	18.5	3.90	0.82	72.62
7.	Regularity of the programme	2.2	8.0	11.2	54.9	23.7	3.90	0.93	72.44
8.	Programmes for furthering our career.	1.7	8.3	11.5	61.7	16.8	3.84	0.86	70.91
9.	Improvement in skills after the programmes.	1.2	8.8	13.9	57.3	18.8	3.84	0.87	70.91

Source: Primary data

It can be understood from the above table.2, that the minimum percentage score is 70.99% and the maximum is 76.83% indicating that, overall a minimum of 71% of respondents are satisfied with the training programs arranged in the organization. About 76.83% of the respondents expressed satisfaction with the training and development facilities provided while it is only 71% expressed satisfaction on the positive impact of training programs. However, in general, the mean value, standard deviation and the highest percentage score value indicates that the employee satisfaction on the training facilities and program are very much satisfactory and help them to build their skills.

2. Performance Management System

The Performance Management Mechanism is said to be the backbone of an organization. It is a process by which the performance of employees is measured and effective future plans can be prepared by the management. A good performance management system, acceptable for both employees and employers can create wonders and lay good foundation leading to sustainability of the organization.

Table No.3.

Building Human Capacities and percentage distribution of respondents' Opinions

Percentage distribution of Respondents' Opinions on Items of Performance

Management System

S.No	Items	HD	D	CS	S	HS	Mean	SD	PS
1.	The statements in the appraisal.	2.7	3.4	12.4	63.4	18.0	3.91	0.82	72.68
2.	The targets set for your performance.	1.0	3.9	12.7	61.2	21.2	3.98	0.76	74.45
3.	The method of rating of your performance.	2.0	5.4	21.5	47.8	23.4	3.85	0.91	71.34
4.	The performance rating shared with you.	2.0	7.8	22.4	48.8	19.0	3.75	0.92	68.78
5.	The performance rating results and its uses.	1.5	6.8	24.9	47.8	19.0	3.76	0.89	69.02
6.	The training provided based on performance appraisal.	1.5	8.0	21.7	52.9	15.9	3.74	0.87	68.41
7.	The reporting and reviewing system in the performance appraisal.	1.5	5.1	23.4	54.6	15.4	3.77	0.82	69.33
8.	Timing of the appraisal system.	2.0	3.9	18.8	58.3	17.1	3.85	0.82	71.16

Source: Primary data

It can be seen from the table that the employees are better aware of the targets set for good performance as 74.45% of respondents expressed satisfaction towards the target set by the organization. They opined that they are pretty well aware of the statements on appraisal (72.68%), targets (74.5%), performance method rating(71.34%), performance rating sharing (68.78%) results and its uses (69.02%), and training based on results of performance appraisal (68.41%) and reporting and reviewing (69.33%).

3.Employee Involvement and Commitment

Employee Engagement is a critical component without which the organization can't claim success. Employee's of any organization particularly established units should always feel proud to be associated with the organization. They should always speak positively about the career prospects, growth participation in decision making etc. Data relating to these aspects are analyzed.

Table No.4

**Building Human Capacities and percentage distribution
of respondents' Opinions**

**Percentage of Respondents' Opinions on Items of
Employee Involvement and Commitment**

S.No	Items	HD	D	CS	S	HS	Mean	SD	PS
1.	Your pride in being an employee of this organization.	2.4	1.0	3.2	49.3	44.1	4.32	0.80	82.93
2.	Utilization of opportunities provided by the organization to improve your career.	2.2	5.1	10.2	48.3	34.1	4.07	0.92	76.77
3.	Comparing with other similar organization career opportunities provided by this organization.	2.9	4.6	12.2	54.1	26.1	3.96	0.91	73.96
4.	My involvement in the job allotted to me.	2.2	2.7	8.8	60.7	25.6	4.05	0.80	76.22

Source: Primary data

All the four elements incorporated in the HR dimension of employee involvement and commitment has recorded a minimum of 73.96% positive response by the respondents. The Percentage Score with respect to the statement “Your pride in being an employee of this organization” has the highest acceptance with 82.93%.

4. Rewards and Compensation

Organizations whether Public or Private Sector resort to paying Rewards either in suitable Monetary or Non Monetary form as these two motivate the employee's to work more efficiently and help the organization.

Salary according to qualification's, experience, skill and other tangible and intangible benefits are listed for an intensive analysis of the Rewards and Compensation Practice.

Table No.5.

Rewards and Compensation Practices and percentage distribution of Respondents' Opinions

S.No	Items	HD	D	CS	S	HS	Mean	SD	PS
1.	Salary in terms of qualification .	2.7	10	6.6	55.6	25.1	3.90	0.98	72.62
2.	Salary in terms of experience.	3.2	12.4	7.6	58	18.8	3.77	1.00	69.21
3.	Salary in term of responsibilities.	3.2	12.9	10.5	53.7	19.8	3.74	1.02	68.48
4.	Salary and its linkage to workload.	3.7	14.4	15.4	50.7	15.9	3.61	1.03	65.18
5.	Incentives for efficiency and workload.	6.8	14.6	16.1	49.3	13.2	3.47	1.10	61.83
6.	Methods of wage fixation.	4.6	14.4	21.7	47.1	12.2	3.48	1.03	61.95
7.	Bonus calculation practice.	7.6	12.7	21.0	48.0	10.7	3.42	1.08	60.43
8.	Appreciation provided for good work.	7.8	16.6	16.6	49.3	9.8	3.37	1.11	59.15

Source: Primary data

According to the data analyzed in table no.5, the percentage score is the minimum for the practice of appreciating good work in the plant (59.15%), While it is as high as 73% for salary according to qualifications. The weighted means also range between 3.37 and 3.90, a maximum number of employee's have expressed satisfaction towards the salary and other monetary benefits and expressed unhappiness for not appreciating good work. The means for a method of wage fixation and bonus calculation is 3.48 and 3.42 respectively.

FINDING OF THE STUDY:

- It is identified that there is good Involvement and Commitment among the employee's towards their organization. Employee's have an average opinion on the utilization of opportunities provided by the organization to improve their career and regarding involvement in the job allotted to them. When compared to the career opportunities provided by the organizations, the employees are slightly dissatisfied as they felt that the career opportunities provided by other organizations are better.
- Ho2: Training and development has influence on labour productivity.

Training and development has influence on labour productivity because the analyses has pointed out that about 76.83% of the respondents expressed satisfaction with the training and

development facilities provided while it is only 71% expressed satisfaction on the positive impact of training programs. However, in general, the mean value, standard deviation and the highest percentage score value indicates that the employee satisfaction on the training facilities and program are very much satisfactory and help them to build their skills.

➤ It is concluded that majority of respondents are satisfied in setting targets for performance and the statements in the appraisal are systematic. When it comes to the method of rating and timing of the appraisal system, the employee's are of average opinion. The majority of respondent are of the opinion that performance rating results and its uses, performance ratings shared with them and training provided based on Performance Appraisal were the elements which dissatisfies them in the organization.

➤ Ho2: Labour productivity has no influence on economic development of organization.

Employee Engagement is a critical component without which the organization can't claim success. Employee's of any organization particularly established units should always feel proud to be associated with the organization. They should always speak positively about the career prospects, growth participation in decision making etc. All the four elements incorporated in the HR dimension of employee involvement and commitment has recorded a minimum of 73.96% positive response by the respondents.

SUGGESTIONS:

➤ Performance Management System should be improved by evaluating with the open door discussions about the employee's advancement and training needs. This will help the employee work towards increasing his skill and knowledge. Then ensure that the employee performance evaluations are directly linked to the compensations.

➤ Frequent training programs on oral communications, business awareness programs, responsibility and initiative, team building, problems solving and IT competency should be conducted for developing the non-technical skills of the employees.

➤ Reward system in the plant should modify by introducing effective corporate recognition awards and even some bonus programs like new idea bonus program where the company offers a fixed percentage for developing a process or strategic improvement that is expected to improve profits in the future. Quality Circles may be extended by awarding a certain percentage of saving to the organization to the team or the individual.

CONCLUSION :

The study reveals that labour productivity plays an important role in any public organization as employees are only responsible from start to end process of any business activity, the more the labour productivity is more the productivity of the organization and vice-verse. It is the evident that the labour productivity depends on the quality of building human capacities, level of commitment and involvement possessed by the employees. From the analysis it is the evident that the training programs in the public organization was made attractive with foreign trips for training at the place of the supplier of machinery. The willing employees were sent for overseas training on new machinery being installed.

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