INTERNATIONAL JOURNAL OF SOCIAL Sciences and Information Technology
ISSN 2412-0294 www.ijssit.com

http:// www.ijssit.com

EFFECT OF EXTERNAL TRAININGS OF EMPLOYEES ON THE PERFORMANCE OF FIRMS IN THE SOFT DRINK INDUSTRY IN KENYA

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Abstract: *The soft drink industry in Kenya has been a significant contributor to the country's economy, and the performance of firms within this industry is crucial for economic growth and development. The impact of external training programs on employee performance within firms remains a critical and underexplored area of research. This study aims to investigate the extent to which external training initiatives influence the skill development, job satisfaction, and overall performance of employees within the Kenyan soft drink market. The data collected from Almasi Beverages Limited in Kisii County, Kenya, were analyzed using descriptive and inferential statistics to establish the relationship between the variables in this study. The results indicate that 68.5% of the firms observed a significantly positive impact on firm performance as a result of internal training programs in terms of employee acquiring new skills. Similarly, 64.85% of firms (64.85%) perceived a positive correlation between employee motivation, as influenced by external training, and firm performance. The regression analysis highlights the significant impact of Employee New Skills, Employee Motivation, Employee Job Satisfaction, and Employee Job Enrichment on organizational performance. These findings underscore the importance of these factors in driving organizational success and provide valuable insights for organizations seeking to enhance their performance through targeted interventions in employee skills, motivation, and job satisfaction. This research will contribute to a deeper understanding of the interplay between external training and organizational performance, guiding firms in their efforts to enhance employee capabilities and maintain a competitive edge in the dynamic Kenyan soft drink market.*

Keywords: *employee performance, external training, soft drink industry*

Introduction

The soft drink industry in Kenya, characterized by its dynamic and competitive nature, continually seeks strategies to enhance organizational performance and adapt to the evolving demands of the market. Among these strategies, the role of employee training, particularly external training initiatives, stands out as a crucial determinant of workforce competence and overall organizational success. This paper delves into the nuanced relationship between external training programs and firm performance within the context of the Kenyan soft drink industry.

In recent years, the global business landscape has witnessed a paradigm shift in the importance assigned to human capital development. Firms are increasingly recognizing that a well-trained and skilled workforce is a key driver of sustainable competitive advantage. In Kenya's soft drink sector, where consumer preferences, regulatory environments, and technological advancements shape the industry's trajectory, the significance of nurturing a knowledgeable and adaptive workforce cannot be overstated.

The soft drink industry in Kenya has been a significant contributor to the country's economy, and the performance of firms within this industry is crucial for economic growth and development. One of the key factors that can influence firm performance is the external training of employees. The effects of external training on employee performance have been widely studied in various contexts, but there is a gap in understanding its specific impact on the firms in the soft drink industry in Kenya.

External training programs are designed to enhance the knowledge, skills, and competencies of employees, with the expectation that this will lead to improved performance and productivity within the organization. The impact of such training initiatives on firm performance is a topic of interest for both researchers and industry practitioners. Understanding the relationship between external training of employees and firm performance in the context of the soft drink industry in Kenya is essential for identifying strategies to enhance the competitiveness and sustainability of firms operating in this sector.

Several studies have explored the link between employee training and firm performance in different industries and geographical locations. For example, Panagiotakopoulos (2020) found that formal training interventions led to increased profitability, improved staff productivity, and enhanced staff satisfaction in small businesses. Similarly, Georgiadis & Pitelis (2014) highlighted the positive impact of employees' training on firms' labor productivity and profitability. These findings underscore the potential benefits of training programs on various aspects of firm performance.

However, it is important to note that the relationship between external training and firm performance may be influenced by contextual factors. For instance, Natalicchio et al. (2018) suggested that the implementation of training activities for employees may moderate the relationship between the acquisition of external knowledge and innovation performance. This indicates the need to consider the specific dynamics of the soft drink industry in Kenya when examining the effects of external training on firm performance.

In light of the existing literature and the unique characteristics of the soft drink industry in Kenya, this study aims to fill the gap by investigating the effects of external training of employees on the performance of firms within this industry. By examining the specific context of Kenya's soft drink industry, the research seeks to provide valuable insights that can inform human resource development strategies and contribute to the overall growth and competitiveness of firms operating in this sector.

Problem statement

In the rapidly evolving landscape of the soft drink industry in Kenya, the impact of external training programs on employee performance within firms remains a critical and underexplored area of research. As businesses strive to stay competitive and adapt to changing market dynamics, understanding the effects of external training on employees and, consequently, the overall performance of soft drink companies is imperative. This study aims to investigate the extent to which external training initiatives influence the skill development, job satisfaction, and overall performance of employees within the soft drink industry in Kenya. Identifying the key factors that contribute to or hinder the successful integration of external training outcomes into daily operations will provide valuable insights for industry stakeholders seeking to optimize their human resource development strategies.

In Kenya there are various organizations employing external training methods of employees, among them is Almasi Beverages Limited in Kisii. Despite several external training programmes sponsored by the company itself to the employees, Kisii

This research will contribute to a deeper understanding of the interplay between external training and organizational performance, guiding firms in their efforts to enhance employee capabilities and maintain a competitive edge in the dynamic Kenyan soft drink market.

Study objectives

The main objective of this study was to assess the effects of external training Programs on the performance of firms in the soft drink industry particularly Almasi Beverages Limited in Kisii County, Kenya. The study specific objectives were:

i. To establish the effect of employee new skill on the performance of Almasi Beverages Limited.

ii. To establish the effect of Employee motivation on the performance of Almasi Beverages Limited

iii. To establish the effect of employee job satisfaction on the performance of Almasi Beverages Limited

iv. To establish the effect of employee job enrichment on the performance of Almasi Beverages Limited

Scope of the study

The study focused on external training, employee new skills, employee motivation, employee job satisfaction, employee job enrichment and organizational performance as the variables in this study. The unit of analysis was Almasi Beverages Limited. The information gathered was confined to a period of 10 years between 2010 to 2020 and any information outside this scope did not form part of this study.

Research Gap

The existing literature has extensively explored the impact of employee training on firm performance in various industries and contexts. However, there is a noticeable gap in understanding the specific effects of external training programs on the performance of firms within the soft drink industry in Kenya. While studies such as Georgiadis & Pitelis (2014) have examined the impact of training on the performance of small and medium-sized enterprises, and Natalicchio et al. (2018) have highlighted the potential negative influence of employee training activities on the relationship between open innovation strategies and innovation performance, there is a lack of empirical research that focuses on the soft drink industry in Kenya.

Furthermore, the study by Dostie (2017) suggests that classroom training has a greater impact on productivity, raising questions about the effectiveness of external training programs in the context of the soft drink industry in Kenya. Additionally, the study by Singh & Awoke (2023) emphasizes the relationship between Total Productive Maintenance (TPM) practices and operational performance in the soft drinks manufacturing industry, indicating the relevance of investigating the specific training practices and their impact on firm performance within this industry.

Moreover, the study by Li et al. (2014) highlights the significant contribution of training to the accumulation of a firm's human capital and its subsequent impact on firm performance, indicating the need to explore how external training initiatives contribute to human capital development and overall firm performance within the soft drink industry in Kenya.

Therefore, the identified research gap lies in the need to empirically investigate the effects of external training programs on the performance of firms within the soft drink industry in Kenya, considering the unique dynamics of this industry and the potential influence of such training on human capital development, productivity, and innovation.

Research methodology

(Kothari, 2004) defines research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is a conceptual structure within which research is conducted. The research did employed a case study design (which is a form of descriptive research) that allowed the study to be carried out at Almasi Beverages Limited in Kisii in its natural setting with minimum research interference in its normal flow of work, as the researcher simply want to study in depth the influence of external training to the organization performance. The design enabled the researcher to get more descriptive information that was purposive and comprehensive for better understanding of the phenomenon. This design attempts to obtain a complete and accurate description of the situation and explore more ideas probing further discussions. It promotes analytical thinking, encourages open mindedness and it’s acceptable to everyone as it deals with detailed description of real life.

For this study the Target population was 143 employees the total number of employees in Kisii Bottlers Limited. It consisted of 1 Manager, 15 Heads of Departments, 17 Supervisory officers, 50 Assistant Officers and 60 Casual Workers.

The new sample size (SS) therefore was 128 respondents for this study. This sample size represents 89.5% of the target population. This percentage is higher than that proposed by Mugenda and Mugenda (2003) who expressed that at least 10% of the target population is enough and representative as sample size for a study. Stratified random sampling technique will be used to select respondents from the respective strata’s of respondents in this study.

Both primary data and secondary data were used in this study. Primary data was collected using questionnaires for quantitative information and use of interviews schedule. Secondary data were collected from the company’s reports relating to employee productivity and service delivery reports on the company’s production and working hours.

The data collected was analyzed using descriptive statistics and inferential statistics to establish the relationship between the variables in this study. The descriptive analysis involved the use of percentages, frequencies, means and standard deviations while inferential statistics involved the use of regression analysis and correlation analysis. The regression model below will be used:

$$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon \qquad \text{(Equation 1)}$$

Where; Y = Organizational Performance

X_1= employee new skills

X_2 = employee motivation

X_3 = employee job satisfaction

X_4 = employee Job Enrichment

β_0, β_1, β_2, β_3, β_4 are regression coefficients

ε =error term

Research Findings

The study sought to establish the effects of external training on the performance of firms in the soft drink industry. The respondents were asked on whether the stated effects of eternal training of employees has any significant result on the performance. The responses obtained from the field are presented as in table 1 below;

Table 1: Effects of External Training of Employees and Performance of Firms

Effects of External Training of Employees	Significant Result on Firm Performance	
	Yes Percentage	No Percentage
Effect on employee new skills	68.5%	31.5%
Effect on employee motivation	64.85%	35.15%
Effect on employee job satisfaction	43.33%	56.67%
Effect on employee job enrichment	37.33%	62.67%

Table 1 indicates that 68.5% of the firms observed a significant positive effect on firm performance as a result of external training programs in terms of employee acquiring new skills. This suggests that a majority of the firms experienced an improvement in performance attributed to the acquisition of new skills by their employees through external training initiatives.

Similarly, 64.85% of the firms reported a significant positive impact on firm performance in relation to employee motivation following external training programs. This indicates that a substantial proportion of the firms perceived a positive correlation between employee motivation, as influenced by external training, and overall firm performance.

In contrast, the data shows that the effect of external training on employee job satisfaction resulted in a significant positive impact on firm performance for 43.33% of the firms, while 56.67% of the firms did not observe a significant relationship. This suggests a more varied outcome regarding the influence of external training on employee job satisfaction and its subsequent impact on firm performance.

Furthermore, the table reveals that the effect of external training on employee job enrichment had a significant positive impact on firm performance for 37.33% of the firms, while 62.67% of the firms did not report a significant relationship. This indicates a lower proportion of firms experiencing a positive impact on firm performance in relation to employee job enrichment resulting from external training programs.

Regression Analysis

Table 2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.317	.106		2.996	.003
	Employee New Skills -X_1	.137	.064	.179	2.127	.036
1	Employee Motivation - X_2	.427	.053	.688	8.080	.000
	Employee Job Satisfaction - X_3	.114	.060	.146	1.895	.021
	Employee Job Enrichment -X_4	.406	.056	.583	7.198	.000

a. Dependent Variable: Organizational Performance- Y

Table 2 presents the results of a regression analysis, specifically focusing on the coefficients associated with the independent variables (Employee New Skills, Employee Motivation, Employee Job Satisfaction, and Employee Job Enrichment) and their impact on the dependent variable (Organizational Performance). The coefficients are presented in both unstandardized and standardized forms, along with their respective standard errors, beta values, t-statistics, and significance levels.

The unstandardized coefficients (B) indicate the change in the dependent variable (Organizational Performance) for a one-unit change in each independent variable, holding all other variables constant. Meanwhile, the standardized coefficients (Beta) allow for a comparison of the relative importance of each independent variable in explaining the variance of the dependent variable.

The results reveal that Employee New Skills (X1) has a positive unstandardized coefficient of 0.137, indicating that a one-unit increase in Employee New Skills is associated with a 0.137 unit increase in Organizational Performance. The standardized coefficient (Beta) of 0.179 suggests that Employee New Skills have a moderate impact on Organizational Performance relative to the other independent variables.

Employee Motivation (X2) demonstrates a substantial positive impact on Organizational Performance, as evidenced by its unstandardized coefficient of 0.427 and a high standardized coefficient (Beta) of 0.688. This indicates that Employee Motivation has a strong influence on Organizational Performance compared to the other independent variables.

Employee Job Satisfaction (X3) and Employee Job Enrichment (X4) also exhibit positive unstandardized coefficients of 0.114 and 0.406, respectively, indicating that increases in these variables are associated with higher Organizational Performance. The standardized coefficients (Beta) of 0.146 for Employee Job Satisfaction and 0.583 for Employee Job Enrichment suggest their moderate to strong impact on Organizational Performance.

The t-statistics and significance levels indicate the statistical significance of the coefficients. All independent variables show statistically significant relationships with Organizational Performance, as evidenced by their respective t-values and significance levels ($p < 0.05$).

In conclusion, the regression analysis highlights the significant impact of Employee New Skills, Employee Motivation, Employee Job Satisfaction, and Employee Job Enrichment on Organizational Performance. These findings underscore the importance of these factors in driving organizational success and provide valuable insights for organizations seeking to enhance their performance through targeted interventions in employee skills, motivation, job satisfaction, and job enrichment.

Summary and Conclusion

Based on the data presented in Table 1, which outlines the effects of external training of employees and their impact on firm performance, several conclusions can be drawn.

Firstly, the majority of firms (68.5%) reported a significant positive impact on firm performance as a result of external training programs aimed at enhancing employee new skills. This suggests that investing in external training to develop new skills among employees is likely to yield favorable outcomes for firm performance, potentially leading to increased productivity, efficiency, and competitiveness within the industry.

Secondly, the data indicates that a substantial proportion of firms (64.85%) observed a significant positive effect on firm performance in relation to employee motivation following external training programs. This finding underscores the importance of employee motivation as a key driver of firm performance, and highlights the potential of external training initiatives to enhance employee motivation, thereby contributing to overall firm success.

However, the results also reveal a more varied outcome in terms of the impact of external training on employee job satisfaction and job enrichment. While a lower percentage of firms reported a significant positive impact on firm performance in relation to employee job satisfaction (43.33%) and job enrichment (37.33%) following external training, a relatively higher percentage of firms (56.67% and 62.67% respectively) did not observe a significant relationship. This suggests that the influence of external training on employee job satisfaction and job enrichment may be more nuanced and context-specific, with varying implications for firm performance across different organizations.

In conclusion, the data from Table 1 underscores the significance of external training programs in enhancing employee new skills and motivation, which in turn can positively impact firm performance. However, the relationship between external training, employee job satisfaction, and job enrichment appears to be less straightforward and may require further investigation to understand the specific factors influencing these dynamics within the context of firm performance.

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