

# Influence of Human Resource Management Practices on Employees' Performance in Construction Organizations in Rwanda

Nsabimana Placide, Abednego O. Gwaya, Githae Wanyona

**Abstract:** Business environment has changed a lot. This global change is caused by factors like globalization, changing customer and investor desires, ever-increasing product-market competition. Rwanda is not an exception in this regard, and all business sectors are affected, including construction industry. Therefore, Construction firms need a continuous improvement of their performance to successfully compete in this environment, in terms of stakeholders' satisfaction. Employees, constituting the most important organizational resource, need to be managed with a special focus, as organizational sustainability is worldwide recognized to be dependent on their performance, because many other sources of competitive success are less powerful than they used to. Today, in most of construction organizations operating in Rwanda, productivity of workers is far below expectation. Many construction firms incur a lot of loss and many projects fail because of poor HRM, despite the deployment of enough of other resources. This study was conducted to assess the influence of HR management practices on employees' performance in construction organizations in Rwanda and to develop a HRM model to improve on HRM systems. The study used qualitative analysis with descriptive survey design and showed that, human resource management practices, have a significant influence on employees' performance in construction organizations in Rwanda, where by the failure of some firms to meet their goals is partly due to poor application of HRM practices, leading to poor employees' performance. The author developed an HRM framework "3Winged HRM Model" to contribute in improving organizational HRM functions and he recommended further studies to cover international construction organizations to bridge the gap of this study which focused on local construction firms in Rwanda.

**Keywords:** Human resource, Human Resource Practices, Motivation, Employees' Performance, Organizational Goals, Construction Organizations, Organizational Sustainability.

**Abbreviations:**

**HR:** Human Resource, **HRM:** Human Resource Management

## I. INTRODUCTION

While organizational success depends heavily on the joint exploitation and efficient usage of all resources, whereby Human Resource is the most potential determinant, today, in Rwanda, many construction firms fail, because of workers being unable to perform their various jobs effectively to enhance productivity. According to Havel and Tzafir (1996), human resource management activities can influence an organization's performance through improvement of employees' skills and quality selection and training.

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On the other hand, studies revealed that the increase of employee motivation or incentive and compensation can boost employees' performance. Unfortunately, some organizations just realize the failures, but they are not aware of both how and to what extent this is associated with HRM practices, and the way forward to enhance the productivity through the improvement of employees' performance. This study aims to assess the influence of human resource management practices (recruitment and selection, reward system, job design, training and development, performance management) on employees' performance in construction organizations in Rwanda and to develop a framework for improved HR Management. For the purpose of the study, key factors to be studied or variables and the presumed relationships among them were defined, as depicted in the figure below.

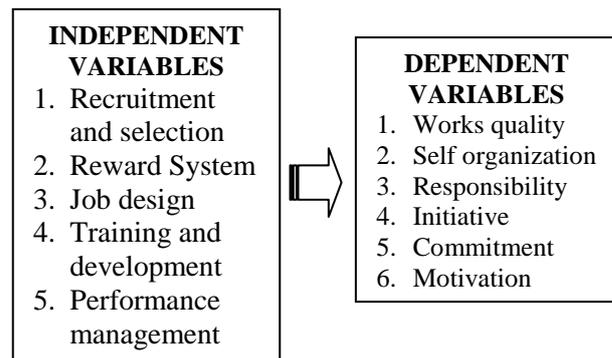


Fig 1. N° 01: Conceptual framework

## II. LITERATURE REVIEW

A review of literature was conducted on the themes of the study which cover recruitment and selection, reward system, job design, training and development and performance management. There is a positive relationship between human resource management functions/practices and different measures of company performance (Fey and Bjorkman, 2001). Likewise, Human resource practices are the levers or mechanisms through which employee skills can be developed (Park et al, 2003). In fact, Human resource practices are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and thus achieve organizational goals. Human resource practices are designed to improve the knowledge, skills and abilities of employees; boost their motivation, minimize or eliminate loitering on the job and enhance the retention of valuable employees; boost their motivation,

Minimize or eliminate loitering on the job and enhance the retentions of valuable employees.

According to Havel and Tzafrir (1996), human resource management activities can influence an organization's performance through improvement of employees' skills and quality selection and training and the increase of employee motivation-incentive compensation.

Even high skilled workers will not perform effectively if they are not motivated. Managers can use human resource management practices for the motivation of employees to work both harder and smarter.

From the above understanding, it is important to investigate the association between human resource management practices and firm performance.

Findings from a number of empirical studies conducted to test the relationship between human resource management and performance indicate that high commitment and/or high involvement human resource management practices have a positive impact on firm performance (Huselid, 1995).

### **2.1. Best Human Resource Management Practices**

Schuler and Jackson (2006) and other social scientists assert that human resource management is the main pathway to satisfy shareholders, investors, customers, society and organizational members.

Huselid and Delary, (1996) asserted that human resource management practices, particularly selection and training, are associated with perceived firm performance in organizations.

### **2.2. Recruitment and Selection**

Selection is the process of choosing individuals who have relevant qualification to fill existing or projected job openings (Dessler, 2007). Indeed, once well conducted, Recruitment and Selection influence the performance as they allow the organization to get competent people.

### **2.3. Reward System**

Pay, promotions, fringe benefits, and status symbols are perhaps the most important rewards!

The empirical research conducted by Lopez E.M (1981) found that an intrinsic reward is believed to be able to satisfy and motivate employees to perform better.

### **2.4. Job design**

"The theory of job design as we know it today rests largely on the premise that effective performance and genuine satisfaction in work follow mainly from the intrinsic content of the job" (Anderson, 2006).

### **2.5. Training and Development**

Training is the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to the specific useful competencies.

### **2.6. Performance Management**

This program is specifically designed to compensate employees on the basis of their performance, consistent with the companies needs and financial capabilities, salary administration program will provide the company with a competitive, easy to use, performance driven pay delivery system.

### **2.7. Alternative HRM models**

There exist many HRM Models. Each of them bases on some factors relating to HRM. On the other hand, it is difficult to find a model that holistically takes into account all the aspects of HRM.

## **III. METHODOLOGY**

The study aims to assess the influence of HR management practices on employees' performance in construction organizations in Rwanda. This study adopted qualitative analysis with descriptive survey design. The methodology followed consisted of the research design, sample size determination, data collection, data analysis, results interpretation and finally the formulation of conclusions and recommendations.

The research turned around three types of variables, which are independent, dependent and contributing variables.

**Independent variables:** Recruitment and selection, Reward system, Job design, Training and development, Performance management.

**Dependent variables:** Works quality, Self organization, Responsibility, Initiative, Commitment and Motivation.

**Contributing variables:** HR budget, Employment laws, HR Staff expertise, Size of workforce, Organizational structure.

The respondents for this research were chosen from construction organizations in Rwanda.

Probability Stratified random sampling was used.

The sample size was determined by using SLOVIN's formula, written as:

$$n = N / (1 + N e^2),$$

Where **n** = Minimum sample size, **N** = Total estimate population size and **e** = Error tolerance or error level or confidence percentage interval or alpha level [in %].

**e** is obtained by subtracting the confidence level from 1. For this study, we were 98 percent confident that our data were going to be reflective on the entire population.

Then,  $1 - 0.98 = 0.02$ .  $e = 0.02$ . Taking  $N = 103$  people, our sample size was made of 100 people. Out of 100 distributed questionnaires, 72 were returned. The remaining 28 respondents could not be reached. Data were collected using structured self-administered questionnaires.

## **IV. STUDY FINDINGS**

The purpose of the study was to assess the impact of human resource management practices on employees' performance in construction organizations in Rwanda. The study led to following findings based on its objectives.

### **4.1. Recruitment and Selection**

The study established that in Rwanda, construction organizations use internet and newspapers to recruit new employees. Written test and personal interview are used to evaluate them. Experience, performance, academic achievement and social relationship with influential people are considered at 51.4%, 27.8%, 20.8% and 6.9% respectively. Further the study found that employees that joined organizations prefer more pay than terms of service at 59% and 13% respectively.



#### 4.2. Reward system

The study revealed that the job grade determination response varied from merit, established steps and others at 27.8%, 52.8% and 19.4% respectively and that, the organizations do not have employee merit review which was strongly agreed at 100% by the respondents.

#### 4.3. Job Design

The study determined that 75% of the respondent agreed that work design are aligned to organizational objectives while the remaining 25% did not agree on the relevancy of work design on organizational objectives. 84.7% of the respondents indicated their satisfaction with job design while 15.3% indicated otherwise. Changes were not suggested at 68.1% on the organization job design while 31.9% suggested that changes should be considered.

#### 4.4. Training and Development

The study established that the organizations train their employees at 100% through both job and off training at 100% and employees' perception on training was found to vary as follows:

27.8% relevancy of training, 18.01% improvement needed on training, 51.4% perceived training to be positive and at 2.8% recognized the support of the organization in meeting objectives. Further, the study revealed that training and development has a positive impact on the organization performance which stood at 100% and that employees should be identified depending on department, work performance, employees' needs and type of training at 19.4%, 15.3%, 55.6%, and 13.9% respectively. Organizations employ both internal and external trainers as suggested by respondents at 100%.

#### 4.5. Performance Management

Performance management of the organizations was indicated at 100% that it is carried out once a year for the purpose of continuous assessment and review of the organizational performance as well as to identify its weaknesses and strengths that will enable the organization management to seek for the solution of the problems arising and maintaining its course respectively. The study further established that, 72.3% of the respondents indicated that performance management exercise supports organizational objectives compared to 27.7% which indicated that performance management does not support organizational objectives.

### V. PROPOSED HRM FRAMEWORK

Continuous ongoing changes in the external environment and changes in the organization's internal environment create the need for a new subsequent approach to the organizational management, also including a different approach to human resource management (HRM).

Unfortunately, our findings showed that the HRM practices available in construction organizations in Rwanda are not consistent. In fact, while many studies state that HRM practices should work together without one or the other but all, our data analysis showed that it was rare even impossible to find a construction organization that performs all the practices as listed in previous sections of this study.

On the other hand, for the purpose of success and sustainability, construction organizations must remain in interaction with external environment, rather than considering themselves as self-sufficient. For example, the study indicated that the recruitment is mainly done by organizations through the local newspaper and internet. These facilities belong to external environment, yet employees' referral is also recognized as a way to get competent workers, as existing organizations' employees (Internal environment) are likely to recommend the organization to their competent colleagues out there in the external environment.

In brief, in Rwanda, Construction organizations try to apply some of the HRM practices but there is still no any HRM structured framework that combines all the factors that influence employees' performance.

This made it worthy to propose a HRM model that takes into account various aspects of the HRM question, in a holistic way: "**3Winged HRM Model**".

The Human Resource Management model contains Human Resource practices. When these activities are discharged effectively, they will result in a competent and willing workforce who will help realize organizational goals. There is another variable in the model: environment. The proposed model recognizes that the Human Resource function should not operate in vacuum. It must be influenced by several internal and external forces like economic, technological, political, legal, organizational, and professional conditions.

#### 5.1. Model development

Attitude towards the people employed within the organization have changed. These changes reflect the expectations and influences of stakeholders on issues ranging from organizational governance to operations. Consequently, the management strategy changed: if traditionally management focused on the organization's internal environment, the new approach envisaged respecting interests and managing relationships of all stakeholders, both internal and external. In each case, managers must focus on relationships with those stakeholders who are of particular importance in achieving the organizational goals.

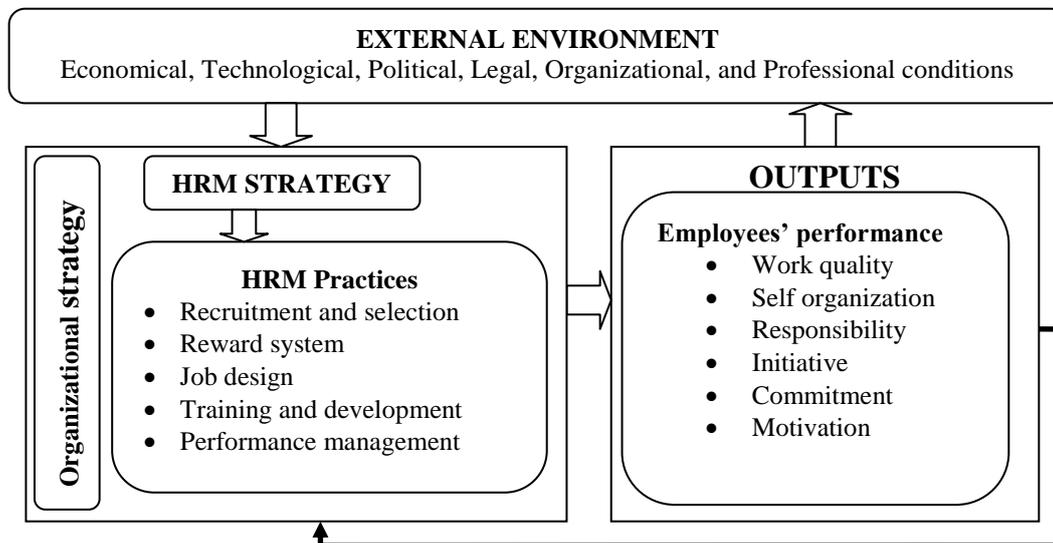
In other words, the external environment may be considered as the master wing that the HRM should stand on. In facts, construction organizations are not created in vacuum. Instead the idea to create them comes from the opportunities available around or the external environments' demands. While some managers design their approaches to manage people guided by the organizational internal environment only, it is essential to take external environment as an important input of HRM approaches, as after all, organization's services or products are sold to this environment and its satisfaction determines the sustainability of the organization. From the above understanding, organizational strategies should also be set on the external stakeholders' interests and expectations. Business owners should set their mission and vision by factoring in the expectation of external environment as this is the customer or client to all services or products from the company.



## Influence of Human Resource Management Practices on Employees' Performance in Construction Organizations in Rwanda

Both HRM and organization's internal systems constitute a second wing of HRM within an organization. The third wing of HRM is made of outputs presented as dependant variables in the theoretical framework of the study. In fact, through performance appraisal, HRM

managers can identify, from the results, the improvement needed in some areas of their application of HRM practices. By putting the three wings together, and after analyzing the interrelatedness between the major HRM practices, the author created a HRM model named "**3Winged HRM Model**", as depicted in the figure below.



**Fig 2. N° 02: 3 Winged HRM Model (Created by the author)**

The 3Winged HRM Model is dependent on the environment (Skills and abilities, Social, Economical, Technological, Political, Legal, Organizational, and Professional conditions) for inputs, which are transformed during throughput (Internal environment) to produce outputs (Employees' performance) that are exchanged in the environment.

### 5.2. Innovation by 3Winged HRM Model

While some HRM departments in construction organizations in Rwanda take their companies in isolation, the 3Winged HRM Model is built on the understanding that construction organizations, although they have some autonomous aspects, they are still in environment and their interaction with the external environment is inevitable, which supports the idea of founding any HRM exercise on environmental expectations among other factors, rather than just considering their internal commercial strategy only.

Business managers should remain attentive to potential changes in external environment likely to affect organization's sustainability, depending on how they are managed. They should update their overall strategies accordingly as well as their HRM strategies. This will positively impact on employees' performance through improved HRM Practices. Consequently, the employees' performance will definitely lead to stakeholders' satisfaction.

The 3 winged HRM model takes into account various interrelatednesses between HRM practices. In fact, it is important that HR managers understand the way HRM practices affect each other to harmonize their HRM strategies.

HRM Practices are interrelated. For example, the Focus on recruitment & selection will help organization get qualified and competent workers, which reduces the level and the cost

of training. This increases the productivity and saves on time and money.

The three wings complement each other, as in Performance appraisal can be used to identify training needs to enhance the provision of training.

## VI. CONCLUSION AND RECOMMENDATIONS

To sum up, the study established that, HRM practices highly influence the performance of employees in construction organizations in Rwanda. They were found likely to improve the knowledge, skills and abilities of employees. They were seen able to enhance the attraction and retention of valuable employees, boost their motivation, minimize loitering on the job and overall lead to organizational sustainability.

However, these practices are not rationally applied by HR departments of construction organizations, and this is one of the causes of poor employees' performance, which leads to various sorts of organizational failures. In fact, these practices are fundamental in any organization that is focused to achieve its objectives as they will lead to a better and efficient service delivery to its clients.

For example, rational recruitment and selection as a part of best human resource practices will enable the organization to acquire the right people with relevant skills and professionalism that will enhance efficiency in work performance, leading to organizational achievement of expected objectives.

On the other hand, for organizations to attract and maintain competent workforce, it is crucial to first recognize human people as the most important organizational resource and second provide better reward system as this will motivate employees to toil for the organization,



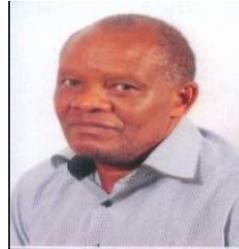
Hence better work performance. It is therefore significant for construction organizations to focus on the best human resource management practices if at all they are to achieve their goals and objectives and also to survive in the competitive construction business environment.

The 3 Winged HRM model developed by the author, is beneficial not for construction industry only but may be exploited in a range of business sectors where HR is recognized as most influential and key to business success.

The research recommends further investigations to assess the extent to which human resource management practices impact on employees' performance in international construction organizations, in order to compare and to contrast if the influence of best human resource management practices on organizational performance are global because the present study covered just the local construction organizations in Rwanda.



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