

# Improvement of productivity and employee performance through an efficient Human Resource Management Practices

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**Abstract.** The role of employees within organisations are very vital in the management and survival of any organisation; this is because their performance is influenced by a set of human resource management (HRM) practices. Similarly, the process of attracting, developing, and maintaining a talented and energetic workforce to support the organisational goals and objectives is the ultimate aim of HRM. Therefore, the aim of this study is to investigate the improvement of construction workers productivity through an efficient Human Resource Management practices. Hence, this research identified the HRM practices and comprehensively evaluated the impact of these practices on productivity and employee performance. The data used in this paper was derived from both primary and secondary sources. Twenty-eight structured questionnaires were distributed to the HR department of a construction company that was used for the study. A return rate of 100% was achieved since the respondents were purposively selected. The data received were analysed using the Statistical Package for the Social Science (SPSS). The result of the analysis showed certain HRM practices enhances productivity and employee performance in a construction company. Therefore, it is highly recommended that HRM practices are effectively implemented to enhance productivity and employee performance. Thus, obtaining and sustaining competitive advantage. Moreover, the study observed that happy and satisfied employees have higher performance, therefore making it easy for management to motivate them thus attaining the firm targets. The study contributes to the body of knowledge on the improvement of construction workers productivity through an efficient Human Resource Management practices.

**Keywords:** Human Resource Management · Human Resource Management Practices · Productivity · Employee performance

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## **1 Introduction**

The construction industry is a labour intensive sector and a stimuli for emerging economies [1]. To maintain competitive advantage, firms must continually improve their performance by reducing costs, be innovative in conceiving, designing and executing organisational objectives, improving quality, and productivity [2] [3] [4]. Therefore, effective human resource management (HRM) has become crucial and critical to the realisation of individual, organisational, community, national and international goals, and objectives. Byars & Rue [5] define HRM as successful management of employees in an organisation to achieve organisational goals through a strategic system of activities. However, the management of employees is a challenging task opposed to the management of capital or managing technology, [6]. Past studies have acknowledged that there is positive relationship between HRM practices and employee performance and organisational performance [7] [8] [9] [10] [11]. Hence, the importance of effectively implementing HRM practices. HRM practices may be described as activities directed at managing the poor human resource and ensures that resources are employees towards the fulfilment of organizational goals [12]. Agreeably, Schuler & Jackson, [13], defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organisation and its members.

Therefore, the aim of this paper is to investigate the improvement of productivity and employee performance through an efficient human resource management. Hence, this research identified the HRM practices and comprehensively evaluated the impact of these practices on productivity and employee performance.

## **2 Human Resource Management**

### **2.1 Human Resource Management Practices**

Armstrong [14] described Human Resource Management (HRM) as a strategic and logical approach to the management of an organisation's most valued assets, which are the employees. The employees collectively contribute to the achievement of organisational objectives. Similarly, Johanson, [15] noted that HRM is a function within an organisation designed to maximize employee performance in service of the companies' strategic objectives. Furthermore, Collings & Wood [16] highlighted that HRM is concerned with how people are managed within organisations, focusing on policies and systems. Agreeably, Delery & Doty [17], conceptualises HRM as a set of policies and practices adopted and implemented to ensure that a firm's human capital contributes to the achievement of its business objectives. HRM is governed by HRM practices, such as employee recruitment, training, and development (T&D), performance appraisal, and compensation and benefits [18]. Furthermore, HRM is deals with industrial relations, which is, the balancing of organisational practices with regulations arising from labour laws [19]. Schuler & Jackson [13] defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organisation and its members. Similarly, HRM practices may be viewed as a set of practices used by the organisation to

manage human resources through facilitating the development of competencies that are firm-specific, produce complex social relation and generate organisation knowledge to sustain competitive advantage [20]. Though there may be different definitions on HRM and its practices, they all relate to specific practices, and organisational policies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the company.

## **2.2 Human Resource Management Practices on Productivity and Employee Performance**

The main objective of any organisation is to make a profit and to achieve this organisational goals. Hence, adequate HRM planning and development programs should be implemented in order enhance performance [21] [22] [23]. Human Resource Management is an essential component for an organization regarding labour turnover, productivity as well as the financial growth of an organisation. Similarly, HRM plays a pivotal role in employee's retention and their productivity, [12]. There are numerous factors that influence this aspect, like inadequate wages, salaries or allied benefits, poor reward system and lack of H&S facilities. [24] [25]. According to Mansour [26] and Jahanian et al. [27] employees get frustrated due to an imbalance in the work and personal life and fail to render optimum performance. In addition, it was observed that job stress and unfair treatment by the HRM department or manager demotivates even the talented employees [9]. Organizations that do not evolve and implement human resource development (HRD) often experience HRM related issues, which result in employees not acquiring professional development through training, mentoring or coaching. Hence, employees encounter issues like; boredom or lack of challenge in the work environment [28] [29].

Previous literature on HRM indicates that HRM practices contribute to sustaining competitive advantage for the corporation [30] [32] [33] [34]. Kinicki & Kreitner [35] observed that happy and satisfied employees have higher performance, therefore making it easy for management to motivate them thus attaining the firm targets. Likewise, the recognition of significant training practices enables management to create a conducive working environment, which ultimately improves the motivational levels as well as the performance of its workforce. Huselid [31] noted that the effectiveness of HRM would transfer on the behaviour of the workers as a result of human resource management. Hence, Carlson et al. [36] suggested five HRM practices that enhance performance that are; T&D, performance appraisals, compensation, benefits, and employee motivation and recruitment package. Also, the study by Teseema & Soeters [10] which was conducted on eight HRM practices revealed that recruitment and selection practices, placement practices, training, compensation, employee performance evaluation, promotion, grievance procedure and pension or social security have an effect on employee performance. Based on existing literature it may be concluded that, if certain HRM practices are not effectively implemented by the organisation then employee performance would be stagnant or decline. Therefore, it is imperative that a firm adopt and effectively implements HRM practices that will increase its employee's performance [37].

However, Guest [38] in his study demonstrated that the Impact of HRM on performance depends upon the response of worker towards HRM practices, hence, the

impact of HRM will move in the direction of the employee perception. The research by Armstrong [39] noted that employee performance is normally looked at regarding outcomes. However, it can also be seen on an employee behavioural perspective. Thus, confirming the definition; “performance does not include the results of an employee’s behaviour, but only the behaviours themselves” [40]. Meaning that it is not based on what employees produce or the outcomes of their work but on the employees’ behaviour. Further, Ghebreorgis & Karstan [41] said that the perception of the employees provides a broad evaluation of the company’s HRM functions and practices such as recruitment and selection, T&D and compensation & benefits. Hence, Huselid [30] argued that the impact of HRM on the behaviour of the employees results in the effectiveness of the employees.

A recent study by Elnaga & Imran [37] classified performance into five elements namely: planning, monitoring, developing, rating, and rewarding. In the planning stage, Planning means setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals. Planning entails setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals. Monitoring is the phase whereby employees are continually checked to see how well they are doing to meet the set goals and providing constant feedback to employees and work groups on their progress toward reaching their goals. Also, monitoring assists in changing unrealistic or problematic standards. The developing stage helps employees improve on any poor performance seen throughout the duration one has been working in the company. The rating gives an overview of the employee performance; this is helpful when organisations are comparing performance over time or among its employees. During the rewarding stage, it is imperative that employers know their best performers are therefore rewarding them accordingly.

### **3 Research methodology**

The study adopted a two-step approach for research data collection (primary and secondary data). The secondary data were collected through the review of the literature, from published and unpublished articles, journals, and textbooks. Whilst the primary data were collected using a structured questionnaire, whereby the field findings provided a general view and in-depth knowledge of the study’s objective. The questionnaire was selected because it enabled the researcher to be consistent in asking questions and data yielded were easy to analyse statistically. Twenty-eight copies of the developed questionnaire which was part of an existing research instrument, were distributed to the HRM department of a Grade 9 (CIDB grading) South African construction company. Instructions and guidelines of how the respondents should answer the questionnaires were stipulated on the questionnaires. All distributed questionnaires were received back. Thus, rendering a 100% response rate. Based on the research approach and design of this study, purposive sampling, which is a non- probability sampling technique was most favourable the study. This sampling technique proofed to reduce biases by ensuring that the participants are selected based on the specific research study and not by convenience, locality, or other considerations.

### 3.1 Mean Item Score (MIS)

A five-point Likert scale was used to determine the HRM practices, the impact of human resource practices on turnover, productivity, and corporate performance and employee motivation in a South African construction company on the identified factors from the reviewed literature. The adopted scales were as follows:

- 1. = Strongly disagree
- 2. = Disagree
- 3. = Neutral
- 4. = Agree
- 5. = Strongly agree

The five-point scale was transformed to mean item score for each of the factors of causes and effects of cost overruns as assessed by the respondents. The indices were then used to determine the rank of each item. The ranking made it possible to cross compare the relative importance of the items as perceived by the respondents. This method was used to analyse the data collected from the questionnaires survey. The mean item score was calculated for each item as follows;

$$\text{MIS} = \frac{1n_1 + 2n_2 + 3n_3 + 4n_4 + 5n_5}{\sum N} \dots\dots\dots \text{Equation 1.0}$$

- Where;
- n1 = Number of respondents for factor number 1;
  - n2 = Number of respondents for factor number 2;
  - n3 = Number of respondents for factor number 3;
  - n4 = Number of respondents for factor number 4;
  - n5 = Number of respondents for factor number 5;
  - N = Total number of respondents

After mathematical computations, the factors were then ranked in descending order of their mean item score (from the highest to the lowest).

## 4 Findings / discussions

Findings from the data analysis revealed that out of the 26 respondents, 66.61% were female, and 33.33% were male. The majority of the respondents were Africans at 56.6%, followed by the Whites at 40.7% and the coloureds proved to be the minority at 3.7%. Findings relating to the respondents' age group revealed 22.2% of the respondents were in the age group 41-45 years old, 18.5% were in the age group 36-40 years old, 14.8% of the respondents were above 51-55 years old, 14.8% of the respondents were between 56 years and above, 11.1% of the respondents were in the age group 26-30 years old, 7.4% were in the age group 31-35 years old, 7.4% were in the age group 46-50 years old, and 3.7% of the respondents were in the age group of

20-25 years old. When asked the question pertaining to the respondents work experience it revealed that 29.6% had more than 20 years' experience, 22.2% had experience that ranged from 6-10 years, 18.5% had experience in the range of 11-15 years, 14.8% had experience that ranged between 16-20 years, and 14.8% had experience that ranged from 1-5 years in human resource management (HRM). Further, 14.8% of the respondents had bachelor's degrees, 37.0% of the respondents only had matric (grade 12) certificates, 37.0% had diplomas, 7.4% of the respondents had a certificate in Human Resource, and 3.7% of the respondents had master's degrees.

#### 4.1. HRM Practices on Productivity and Employee Performance

For the purpose of the data collection, HRM practices were separated into: "performance and productivity factors", "Human resource factors," and "Organisational factors" respectively. However, these factors are considered contributors to the enhancement of productivity and employee performance in a construction company.

Results from the data analyses revealed that performance and productivity (P&P) factors such as high morale employees, P&P increase due to the job knowledge, P&P increase due to enhanced competency of employees, High morale employees give better performance, P&P increase due to positive attitude of employees, and P&P increase due to the ability of the employees. The data revealed that human resource factors are; equity of compensation and benefits, challenging Employment Structures and opportunities, Provision of effective training, career development, fair and equitable performance Management, and challenging employment opportunities. Furthermore, the organisational factors are; company policies and culture, Communication and consultation, satisfactory working environment, organisational loyalty and pride, and effective integration of working relationships.

The respondents were asked to rank the impact of human resource practices on performance and productivity. High morale employees are more productive was ranked first (MIS=4.22; SD=1.15); P&P increase due to the job knowledge was ranked second (MIS=4.19; SD=0.92); P&P increase due to enhanced competency of employees was ranked third (MIS=4.11; SD=0.89); High morale employees give better performance was also ranked third (MIS=4.11; SD=1.22). Similarly, P&P increase due to positive attitude of employees was ranked fourth (MIS=4.07; SD=0.83).

**Table 1.** HRM Practices: Performance and productivity practices

| Performance and productivity practices         | MIS  | SD   | R |
|--|------|------|---|
| High morale employees are more productive.     | 4.22 | 1.15 | 1 |
| Job knowledge                                  | 4.19 | 0.92 | 2 |
| Enhanced competency of employees.              | 4.11 | 0.89 | 3 |
| High morale employees give better performance. | 4.11 | 1.22 | 3 |
| Positive attitude of employees.                | 4.07 | 0.83 | 4 |

The respondents were asked to rank the impact of human resource factors on the productivity and employee performance. Equity of compensation and benefits ranked first (MIS=3.48; SD=1.16); Challenging Employment Structures and Opportunities ranked second (MIS=3.41; SD=0.97); Provision of effective training ranked third (MIS=3.37; SD=1.01); Career Development ranked fourth (MIS=3.33; SD=1.11); Fair and equitable Performance Management ranked fifth (MIS=3.26; SD=1.13).

**Table 2.** HRM Practices: Human resource factors

| Human resource factors                               | MIS  | SD   | R |
|--|------|------|---|
| Equity of compensation and benefits.                 | 3.48 | 1.16 | 1 |
| Challenging Employment Structures and Opportunities. | 3.41 | 0.97 | 2 |
| Provision of effective training.                     | 3.37 | 1.01 | 3 |
| Career Development.                                  | 3.33 | 1.11 | 4 |
| Fair and equitable Performance management.           | 3.26 | 1.13 | 5 |

The respondents view on organisational factors. Company policies and culture was ranked first (MIS=3.70; SD=0.95); Communication and consultation were ranked second (MIS=3.56; SD=1.19); and the satisfactory working environment was ranked second as well (MIS=3.56; SD=1.09). Further, the table reveals organisational loyalty and pride was ranked third (MIS=3.41; SD=1.22); and effective dispute resolution was ranked third (MIS=3.41; SD=1.25); Effective integration of working relationships was ranked fourth (MIS=3.30; SD=1.03).

**Table 3.** HRM Practices: Organisational factors

| Organisational factors            | MIS  | SD   | R |
|-----------------------------------|------|------|---|
| Company policies and culture.     | 3.70 | 0.95 | 1 |
| Communication and consultation.   | 3.56 | 1.19 | 2 |
| Satisfactory working environment. | 3.56 | 1.09 | 2 |
| Organisational loyalty and pride. | 3.41 | 1.22 | 3 |
| Effective dispute resolution.     | 3.41 | 1.25 | 3 |

Mean Item Score (MIS); Standard Deviation (SD); Rank (R)

The results from the data analysis align with the study by Mansour, (2011) and Jahanian et. al., (2012) who noted that employees get frustrated due to an imbalance in the work and their personal life and fail to render optimum performance. In addition, it was observed that job stress and unfair treatment by the HRM department or manager demotivates even talented employees. (Wright et al., 2012). Organizations that do not evolve and implement certain HRM practices often experience HRM related issues, which result in employees not acquiring professional development through training, mentoring or coaching. Hence, employees encounter issues like; boredom or

lack of challenge in the work environment [28] [29]. Similarly HR practices like selection and training effects the performance of the employee. Moreover, the quality and quantity of performance is associated with clear and measurable goals; and incentives in most organisation. Likewise, Kinicki & Kreitner [35] observed that happy and satisfied employees have higher performance, therefore making it easy for management to motivate them thus attaining the firm targets. Therefore, the recognition of significant training practices enables management to create a conducive working environment, which ultimately improves the motivational, levels as well as the performance of its workforce. Additionally, the adoption of HRM planning, T&D, compensation, and benefits, HRIS, recruitment, and selection produces higher levels of productivity than the more traditional approaches that involve rigid job definitions, hourly pay, and stringent work rules. Furthermore, Ghebreorgis & Karstan [41] said that the perception of the employees provides a broad evaluation of the company's HRM functions. Thus, the argument by Huselid [31] that the impact of HRM on the behaviour of the employees results in the effectiveness of the employees.

## **5 Conclusion and recommendations**

Human resource management plays an important role in increasing productivity and employee performance through the effective use of the companies' most valuable asset, its employees. Findings from the study was supported by work from previous researchers and scholars. Hence, it is important that HRM practices are effectively implemented in order to enhance productivity and employee performance. Thus, obtaining and sustaining competitive advantage.

The survey focused the attention on the improvement of productivity and employee performance through an effective human resource. The data was collected through research questionnaire. The data that was collected and was analysed using a computer software, SPSS. This study identified HRM practices and their effect on productivity and employee performance and comprehensively evaluated the impact of these practices on productivity and employee performance as compiled from an extensive literature review.

The study revealed the importance of effectively implementing HRM practices in order to enhance productivity and employee performance. Thus, obtaining and sustaining competitive advantage. Additionally, the study observed that happy and satisfied employees have a higher performance, therefore making it easy for management to motivate them. Moreover, findings from the study was supported by work from previous researchers and scholars. The findings suggest that performance and productivity (P&P) factors are High morale employees are more productive, P&P increase due to the job knowledge, P&P increase due to enhanced competency of employees, High morale employees give better performance, P&P increase due to positive attitude of employees, and P&P increase due to the ability of the employees. The data revealed that human resource factors are; equity of compensation and benefits, challenging Employment Structures and opportunities, Provision of effective training, career development, fair and equitable performance Management, and challenging employment opportunities. Furthermore, the organisational factors are; company poli-



cies and culture, Communication and consultation, satisfactory working environment, organisational loyalty and pride, and effective integration of working relationships.

Therefore, it is recommended that the firms' goals and objective be effectively communicated to all employees; recognition of significant training & development and compensation & benefits practices which are fair and equitable enables management to create a conducive working environment, which ultimately improves the motivational levels as well as the performance of its workforce. Likewise, challenging employment structures and work opportunities.

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