

# Influence of Human Relations on Employee Performance in the Rwandan Banking Industry- Case Study: KCB Bank Rwanda LTD

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**Abstract:** Due to increased global competition over the last three decades, organizations have emphasized on labor efficiency and cost control. This has called for effective employee relations strategies that enable the employees to dedicate their energy to the achievement of organizational goals. A recent study conducted revealed that employees do not put up their best performances at workplaces when they are unhappy with management, government, or even their fellow colleagues. Bad employee-employer relationship results in strike actions and lockouts. KCB Bank Rwanda Ltd has tried to improve its performance through several ways by recruiting highly qualified staff, training of its staff, weekly communication of financial position of the bank, sponsoring its staff for further studies in KCB Kenya headquarters. Further employee performance has been espoused through allowing the staff to pay their tuition through salary reduction scheme for masters and professional programs, to show commitment to its employees. There is a worry and not a healthy trend that if the trend continues the bank will continue losing its market share and equity which will lead to its eventual closure. It is on this background this study's interest was to examine the role played by human relations on employee performance a case of KCB Bank Rwanda Ltd. The study was carried out mainly using cross-sectional survey design. Research was descriptive and a researcher preferred quantitative approach. Sample size was 104 respondents. The findings were obtained by using standard statistical tools, namely SPSS. The comprised 69.2% male and 30.8% female, by using one sample T test with test value of 3 and 95% of confidence interval of the difference, under both communication guideline and procedure variables, the research findings obtained showed that the means difference were greater than 0, which implied that their calculated means were greater than 3 (4.40 and 4.46 respectively at P-value<0.05) with 0.549 and 0.590 of standard deviation respectively. Hence, guidelines and procedures as indicators of communication were both confirmed to influence employee performance. Under teamwork variable, having trust and employee loyalty were confirmed that they could influence employee performance since their computed means were 4.34 and 4.38 respectively at P-value<0.05, with a standard deviation of 0.677 and 0.699 respectively. Leadership style and policies were accepted that they influenced employee performance since their findings showed that means computers were greater than test value which were 4.68 and 4.38 respectively at P-value<0.05 with 0.544 and 0.699 of standard deviation respectively. Finally, the recommendations have been given, and the areas for further researches had been identified.

## 1. Introduction

Due to increased global competition over the last three decades, organizations have emphasized on labor efficiency and cost control (Perkins & Shortland, 2006). This has called for effective employee relations strategies that enable the employees to dedicate their energy to the achievement of organizational goals. Employee relations show the existence of psychological contracts that is different from any other relationships (Philip, et al., 2008). There is a non-formalized kind of psychological contract which is based on what each party expects from the other and is different from the normal written and legal expectations of the parties from each other. According to Perkins & Shortland (2006), they argue that the socio-political relations around employment are not static hence it is important to consider the future of the bipartite and/or tripartite employment systems context for determining the employment relations outcomes (Perkins & Shortland, 2006).

Related to employee relations is employee communication which helps in communicating the strategies of the organization to all the employees. In the era of increasing public accountability it is imperative that organizations can communicate vision and strategy and demonstrate progress and outcomes in achieving that vision. According to Ivancevich, et al. (2007), top management should play a role in communicating the strategy to the organization's

employees and other stakeholders. Effective communication makes sure people have the information they need and is the foundation for any good relationship. Being honest and open with employees is especially important at a time when they may be dealing with serious concerns outside of the office. According to Harzing, & Ruysseveldt (2004), communication of tasks to be performed should occur with extensive employee involvement and in the context of both immediate positions and the whole organization. Effective communication is critical to successful integration of employee. Performance expectations, if not properly communicated, are far more difficult to re-work after the fact. Management's openness to staff members' input, feedback, ideas and suggestions is the cornerstone of good communications and strong employee relationships. Everybody wins when they are all part of a supportive team.

According to Angela & Michael (2004), they view employee performance as a process which contributes to the effective management of individuals and teams to achieve high levels of organizational performance. It establishes a shared understanding of what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. Supported by joint strategies, shared outcomes and shared targets performance management should be exercised at all levels of the organization (Armstrong, 2008). For years, employees have always grimaced at the thought of yearly performance reviews. We are judged for a year's

worth of work in a one-hour sitting, where we receive feedback based on what was documented or remembered by our manager. It wasn't until the 1900s that employers started making the correlation between worker satisfaction and greater work productivity. In the 1920s, Elton Mayo, the Father of Human Resources, measured the relationship between productivity and the work environment. Because of the Great Depression, pensions, labor standards and minimum wages were instituted, (Armstrong, 2008).

Mayo's work helped change the treatment of employees in the 1940s, where managers started acting more like leaders instead of taskmasters. The government chimed in about worker satisfaction in the 1950s with the Performance Rating Act (Outstanding, Satisfactory and Unsatisfactory) and the Incentive Awards Act, where government employees could be rewarded for good work with cash and recognition. Pay for performance was introduced in the 1960s, but personable managers continued to evolve. In the 1990s, a Society for Human Resource Management survey shows that only 5% of companies were very satisfied with their performance review process. Finally, in the 2000s, performance management came online, which created its own set of problems. The reality is that today's workplace is changing and performance reviews won't keep up or be effective. Many companies allow employees to work remotely, and more employees want weekly or even daily feedback so that they can hone their skills. Performance reviews won't allow for this, and they aren't working, according to employees.

In this study employee relation is operationalized as the relationship between staff as colleagues and the relationship between staff and employers/management. It is important to note that human relations are clearly of relevance in KCB Bank Rwanda Ltd, because as a bank it must ensure that their staff has cordial relationships if performance must be achieved. An organization can achieve its objectives through people, and therefore the nature of the relationship of people at work is fundamental to the effective management and performance of KCB Bank Rwanda Ltd. However, it must be noted that employee performance is situational and depends on the organization's practices, political situation, economic situation etc. Factors evidenced to affect employee performance therefore include communication between the employer and the employee, leadership, and teamwork. Communication is the process of passing and receiving information, instructions, warnings, reprimands, guidelines advice, policies, rewards praises and discipline in an organization with some understanding the recipient of what the sender actually intended to share. So, if for example communication is low in terms call for publications also the response from the staff will be very low (Maicibi, 2003).

Indicators of good performance are good customer care, delivering work results on time, being creative and innovative, and generally being committed to work. Hence managers should be keen to find the reliable links between individual motivation and effective performance. They should also be concerned with the creation of conditions under which institutional and personal goals and objectives may be harmonized (Balunywa, 2005). According to

Bernardin, et al. (2008) regard performance as simply the record of outcomes achieved. Further Brumback (2008), however, looks at performance from a broader perspective and refers to it as both the behaviors and results of manpower when executing a task. Accordingly, in this study, performance was operationally be measured by completion of tasks/assignments, achievement of desired outputs with minimum cost, accuracy, timeliness, quality, creativity and absenteeism (Brumback, 2008).

In Rwanda, it is evident that organizations are operating in ever changing environment and the actions of management in trying to ensure that the organizations thrive have a great influence on the performance of employees. Furthermore, Nabirye(2013) writes that it is paramount for Organizations in Rwanda to realize that they are operating in a rapidly growing and changing context which requires them to align their employees' focus to strengthening partnerships within and externally with other organizations. Managing the human relations is very critical for the future of the organization. Some of its objectives were; espouse banking services in various fields that shall contribute to the economic, political, social and technological development of society. To recruit experienced, well trained staff who can provide an intellectual challenging learning environment and provide for their continued developments (KCB Charter, 2009). In the last five years in its efforts to achieve its vision, KCB Bank Rwanda Ltd has sponsored its staff for enhanced training, has recruited highly qualified expatriate staff from the region. The bank started with nine branches in Kigali and other cities in Rwanda. The original branches were Avenue de la Paix, Nyabugogo, Remera, Kimironko, Rubavu, Rusizi, Muhanga, Musanze and Huye. The bank has expanded its operations in Rwanda by opening five additional branches, i.e. Kayonza, Gisozi, MTN Centre, Corporate Centre and Advantage Centre.

To provide scale access to home ownership, the bank acquired Savings & Loans, the largest specializing mortgage finance company in Kenya. The bank sold a 20% stake to the public in 1988, marking the beginning of its privatization journey. The bank also resolved to expand its market in the East African region in 1997, by opening its first cross border subsidiary in Tanzania. Other subsidiaries opened were South Sudan (2006), Uganda (2007), Rwanda (2008) and Burundi (2012). The bank rebranded to become the KCB Bank Group in 2003. In 2016, the KCB Group PLC was registered as a non-operating holding company which started operations as a licensed banking institution with effect from January, 2016. The holding company oversees KCB Kenya and the other subsidiaries in the region. It also owns KCB Insurance Agency, KCB Capital, KCB Foundation and all associate companies. The holding company was set up to among other things to enhance the Group's capacity to access unrestricted capital and enable investment in new ventures outside banking regulations, achieve operational and strategic autonomy for the Group's operating entities and enhance corporate governance across the Group and oversight in management of subsidiaries. In December 2008, KCB Bank Rwanda commenced banking services in Kigali, following licensing by the National Bank of Rwanda. Since then, the bank has opened fourteen (14) branches in the country.

Poor employee job performance in Rwanda's commercial banking sector may be attributed to poor employee relations, characterized by lack of recognition, lack of training and lack of career advancement among the employees in the banking sector. It is necessary to empirically establish whether employee job performance in Rwanda's commercial banking sector is associated with poor employee relations. This is particularly important given that no specific study in Rwandan banking sector has been carried out on the relationship between employee relations and employee job performance (Rwanda Annual Banking Journal, 2013). It is on this basis that the current researcher wishes to investigate how human relations affect employee performance.

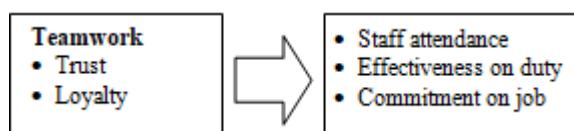
## 2. Statement of the Problem

A recent study conducted by Blyton (2008) revealed that employees do not put up their best performances at workplaces when they are un-happy with management, government, or even their fellow colleagues. Bad employee-employer relationship results in strike actions and lockouts. Performance is a vital attribute in the competitiveness of an institution. In accordance to this, KCB Bank Rwanda Ltd has tried to improve its performance through several ways for example recruiting highly qualified staff, quarterly team building sessions, continuous training of its staff, weekly communication of financial position of the bank, sponsoring its staff for further studies in KCB Kenya headquarters (KCB Bank Rwanda Audit report 2015/16). Further employee performance has been espoused through allowing the staff to pay their tuition through salary reduction scheme for masters and professional programs, to show commitment to its employees. Acquisition has increasingly deteriorated. According to the (KCB Cascade of 2009), 57% of loans disbursed were not repaid, the following 59% of loans expended were not honored (2012 KCB Human Resource Booklet). There is a worry and not a healthy trend that if the trend continues the bank will continue losing its market share and equity which will lead to its eventual closure. It is on this background this study's primary interest is to examine the role played by human relations on employee performance a case of KCB Bank Rwanda Ltd.

## 3. Objective of the Study

To analyze the influence of teamwork on employee performance in KCB Bank Rwanda Ltd.

## 4. Conceptual Framework



## 5. Research Design

The research design refers to the overall strategy that was used to integrate the different components of the study in a coherent and logical way, thereby, ensuring that a researcher was effectively addressing the research problem; According to Kothari (2008), research design is the conceptual structure

within which research is conducted, it constitutes the blueprint for the collection, measurement and analysis of data as such the design includes an outline of what the researcher did from writing the hypothesis and its operational implications to the final analysis of data. The study was carried out mainly using cross-sectional survey design. Cross-sectional survey design collects data to make inferences about a population of interest at one point in time. The advantage of Cross-sectional surveys is its flexibility in that it can be conducted using any mode of data collection, including telephone interviews, face-to-face interviews and mailed questionnaires (Pencharz, et al., 2000). Preferred approach under cross-sectional survey design was quantitative approach of research.

### 5.1 Target Population

According to Mark, et al. (2012) they defined the population as "the complete set of group members. The population need not necessarily be people or employees; it can, for example, be organizations or places" (Mark, et al., 2012). This was confirmed by Banerjee and Chaudhury, (2010) they defined study populations by geographical location, age, sex, attributes and variables such as occupation, religion and ethnic group.

The study covered a population of 160 respondents, constituting of senior, middle and lower level managers at KCB Rwanda Limited. These included chief executive officer, department heads, banking officers, credit officers, Information system officers, administrative officers, human resource officers, and customer care staff. This is because they are key personnel running the day to day operations of the bank.

### 5.2 Sample Size and Sampling Technique

According to Sekaran (2003), sampling is the process of choosing the research units of the target population, which are to be included in the study. A probability sampling method is where all elements have an equal chance of being selected (Ader & Mellenbergh, 2003). Non-probability sampling is any sampling method where some elements of the population have no chance of selection (these are sometimes referred to as 'out of coverage'/'under covered'), or where the probability of selection can't be accurately determined. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection.

The study employed Purposive sampling technique under non-probability sampling was used to select senior management team. This technique was used because; the focus of the researcher is to get in-depth information and not generalizing. The estimation of sample size in this study was done, using Slovin's Formula:

$$n = \frac{N}{1+N(e)^2} = \frac{160}{1+160(0.05)^2} = 115 \text{ potential Respondents.}$$

Where "n" is the sample size, "N" the population, and "e" the margin of error which is 5%. A sample size of 115 was selected among target population.



### 5.3 Data Collection Procedure

The researcher used a semi-structured, Likert type questionnaire to collect data from the middle, lower management and support staff of the bank, to explore their responses regarding the different statements describing the key variables of employee relations and employee performance with the case study of the bank. The main advantage of self-administered questionnaires is that the researcher or member of the research team can control all the completed data pieces within a short period (Sekaran, 2003).

Also, researcher employed an Interview Schedule which contained open-ended questions to be asked during face-to-face interviews with the respondents. The researcher asked standard questions and nothing more based on Paul & Ormrod (2001).

## 6. Research Findings and Discussion

A sample size was 115 respondents which implied that a total of 115 questionnaires were sent to the respondents and 104 questionnaires were returned for analysis yielding a response of 90.43%. This response rate was achieved as a result of proper co-ordination with the bank officials and adequate information on the importance and purpose of the study.

**Table 1:** Teamwork and goals achievement

		Frequency	Mean	Std. Deviation	Percent
Valid	Yes	104	1	0	100
	Total	104			100

Source: research, 2018

**Table 4:** Teamwork impact on organizational performance

		Test Value = 3						
	T	Df	Sig. (2-tailed)	Mean	Std. Dev.	Mean Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Having Trust	20.13	103	0	4.34	0.677	1.337	1.2	1.47
Loyalty	20.051	103	0	4.38	0.699	1.375	1.24	1.51

Source: research, 2018

**Having trust:** The research findings showed that the computed mean of this indicator was greater than test value which was 3 (Mean=4.34; P-value<0.05) with a standard deviation of 0.677, hence a researcher concluded that the statement of “Having trust can influence employee performance” was confirmed.

**Employee loyalty:** The results generated showed that the calculated mean of this indicator was greater than mean test value of 3 (Mean=4.38; P-value<0.05) with a standard deviation of 0.699. Therefore, the statement “employee loyalty influences employee performance” was approved to be true.

A researcher concluded that in KCB Rwanda, having trust and employee loyalty as indicators of teamwork had an influence on employee performance. The results found are supported by German research conducted by the Sociological Research Institute at the University of Göttingen, which also emphasizes the importance of correct

Results obtained showed that all of 104 respondents (100%) agreed that teamwork leads to organizational goals achievement. Hence, KCB Bank Rwanda emphasized working in a group for achieving goals.

**Table 2:** Contribution of work environment to the teamwork

		Frequency	Percent	Cumulative Percent
Valid	Large Extent	59	56.7	56.7
	Fair Extent	39	37.5	94.2
	Little Extent	2	1.9	96.2
	Not at all	4	3.8	100
	Total	104	100	

Source: research, 2018

The findings showed that 56.7% responded that work environment contribute with large extent on encouragement of teamwork and 37.5% with fair extent towards encouragement of teamwork. Hence, cumulative percentage of 94.2% confirmed that there was fair contribution.

**Table 3:** impact of rewarding employee on their performance

		Frequency	Percent	Cumulative Percent
Valid	Yes	101	97.1	99
	Don't Know	3	2.9	100
	Total	104	100	

Source: research, 2018

The research findings showed that 103 (97.1%) agreed that rewarding employees contribute more to the employee performance while 3 (2.9%) didn't know its contribution on employee performance.

and comprehensive implementation of teamwork (Kuhlmann & Sperling, 2004). This German study proposed a ‘coherence thesis’, founded on making close links between an organization’s various dimensions. ‘The key issues are the integration of work organization and teamwork with the overall company organization and payment system. Pay and performance determination and different aspects of reorganization promote a process optimization that is actively supported by the employees.’

## 7. Conclusion

The general objective of this study was to establish the relationship between human relations and employee performance. Overall, the result of this study provided evidence in support of the theory that human relations influence employee performance. In this study the influence of human relations was seen on employee performance in the KCB Bank Rwanda ltd. A sample size of 115 was taken from different KCB Bank Rwanda branches, but 104

(90.43%) were considered and accepted to participate in this research. Data was gathered through questionnaires and was analyzed using one sample T test and descriptive statistics through SPSS.

At the end of this research a found a significant relationship among all the variables, such as communication, teamwork, leadership and employee performance. This research was consistent with many prior researches that also found similar results.

Findings of the study showed that independent variables (teamwork,) had strongest impact on dependent variable (employee leadership) in KCB Bank Rwanda Ltd. This research can be used by the managers in Rwanda banking sector to improve their employee performance by managing human relation through HRM practices.

## 8. Recommendation

- 1) The research recommends that, further studies to be carried out of human relations on employee performance of banking organization, in order to compare and to contrast if the influence of employee relations practices on employee performance is the same because the study covered banking services only.
- 2) The study also recommends that working as a team should be taken into consideration hence it influences employee performance.
- 3) Good and structured leadership is recommended by the researcher to be taken into consideration, hence it influences employee performance.
- 4) The study also recommends that reward system should be considered by the organizational management as a factor that motivates employees to perform well hence achievement of the organizational objectives.
- 5) This research can be used by the managers in Rwanda banking sector to improve their employee performance.

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