



## ROLE OF HUMAN RESOURCE MANAGEMENT ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN RWANDA.

*(A CASE STUDY OF SINA GERARD URWIBUTSO ENTERPRISE.)*

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### Abstract

This study intended to analyze the role of human resource management on the performance of small and medium enterprises in Rwanda, taking SINA Gerard Urwibutso enterprise as case study. There is still a lot to learn about human resource management within small and medium-sized enterprises. The objective of the current research was, therefore, to increase our general understanding of human resource management practices within the population of small and medium enterprises. The target population was employees of SINA Gerard Urwibutso Enterprise. The total population was 421 employees where 20 respondents were selected to participate in the study as a simple size. Questionnaire and observation were used to collect data from the field. These were supplemented by the secondary data where we got information in library, SINA Gerard Urwibutso Enterprise's annual reports and internet sources. After data collection. The researchers represented and analyze them by using a computer programme that is Microsoft Excel. The data was presented in form of tables through frequency tables and percentages. The next point was the analysis of the findings that were to give them meaning for the readers of this paper have clear image of the situation. Therefore, the presence of adequate human resource management department in SINA Gerard Urwibutso Enterprise may lead to high productivity and expansion of business activities once human resource development concepts are fully managed.

**Keywords:** Human resource management, Performance, Small and Medium Enterprises, SINA Gerard Urwibutso Enterprise.

## Introduction

At the beginning of 21st century, with dizzying development of information and communication technologies, human element became the single element which the competition could not copy. Since employees have a very important role in SME which is aspiring to be distinct from the competition, human resources development has a more important role in planning and realization of SMEs' success compared to the past period. Strategy of human

resources development has gained importance since the employees now are the most important factor of development. Intellectual capital, knowledge, and competence of employees cause the success or failure of SMEs in a dynamic environment. (Dessler, G. 2007)

Managing human resources has always remained as an important concern for managers. Human resource management in Rwanda has progressed along similar lines to its countries counterparts, but with differences in the stages of development, and in the relative

influence of business growth. Human resource development was an initial emphasis on largely administrative activities, directed by senior management, and then the move to business-oriented in the 1980s and 1990s. Human resource development varies between countries depending on their cultures, stages of development, the extent of government intervention in the economy, and industrial relations systems (Coffey, 2007)

Human resources development is potentially a business function, which has become a key element of the strategy of every SME in their efforts to establish and maintain their competitive edge on the market. In recent years, human resources management gained special significance, in theory and practice of SME management. Many SMEs are included in skills of human resources management and they pay more attention to the development of their human potential than ever before. Because of sudden changes and concrete conditions, human resources management is perceived as a strategic factor influencing not only the success of SMEs but also of nations. (Price, A. 2007)

The result of successful human resources management is an increase in profit, productivity, market share, increase in the satisfaction of clients and employees, and improvement of the SME's reputation and influence. All of the stated parameters should be compared to previous situations, competition, or common standards in certain activity/business in order to determine the efficiency/output of the human resources function. Monitoring of the fluctuation rate of employees, absence from work, salaries per employee, share of salaries in business costs, cost of hiring of the new employee, and cost of human resources management also contributes to the determination of the influence of activities of human resources management on parameters of the successful SME operation. (Popovic, 2008)

Drucker (2013) rightly pointed out that the capability of adding value through knowledge development, improvement, and innovation are more important in comparison to traditional economic factors such as monetary capital, physical labor, and raw materials. Organizations, therefore, need to step up the development of human capabilities through the enhancement of knowledge, skills, and abilities of their workforce. As organizations are now competing for advantage in a volatile business environment it becomes more pertinent to deliberately, consistently, strategically, and innovatively develop, optimize and utilize their major value-adding resource, i.e. human resources.

It was in this context this research was being conducted to find out a clear illustration of how human resource development can positively affect the performance of small and medium enterprises by taking the case study of SINA Gerard Enterprise Urwibutso.

## **METHODOLOGY**

The methodology is a set of methods and principles that are used when studying a particular kind of work. Research Methodology refers to a set of methods and techniques employed in the process of data collection and processing analysis of techniques (Bridget et al 2005).

## **Description of the area of the study**

SINA Gerard Enterprise Urwibutso is located in Bushoki sector at Nyirangarama in Rulindo district, a northern province about 45 km from Kigali city, on-road axe of Kigali - Musanze - Rubavu. Briefly, SINA Gerard Enterprise Urwibutso is Rwandan private agribusiness-led firm that founded in 1983 by Mr. SINA Gérard to transform agriculture and livestock into vibrant business. In 1993, the business expanded to begin the production of a diversity of products. Today, it processes fruit juices, bread, yoghurt, grape, and banana wines among others. beyond that, the firm has expanded services in food processing where they have a food and beverage teaching school and many Rwandan youths get knowledge and later employed by the company. SINA Gérard has more than 421 workers. This is the area in which our study will be carried out.

## **Research Design**

The research design considered qualitative and quantitative as much as primary data is concerned. The findings obtained with questionnaires. According to Kothari (2001:41), he said that a research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economic in procedure. The research design is the total plan used by a researcher to aid in answering the questions (Bridget and Cathy, 2005: 48). In brief, a research design is the conceptual structure within which research conducted; it constitutes the blueprint for the collection, measurement, and analysis of data.

Following the nature and procedures of data collection and analysis in this study, the study is descriptive and analytical. A descriptive study is a study that describes the phenomena as they exist. An analytical or explanatory study is the one where the researcher goes beyond describing the characteristics; analyses and explains why and how phenomenon is happening (Kothar, 2001:42).

## **Population and sample size**

The population study defined as a group or a category of human beings, animals, and other things that have one or more characteristics in common as the target population on the universe (Cooper and Schindler, 2006: 80). In this research study, the case study was SINA Gerard /Enterprise Urwibutso. As the total population considered, the researchers could not take entire population. Therefore, the population in this research study was composed of 280 employees of SINA Gerard /Enterprise Urwibutso

## **Sample Size**

Sample selection is a set out of the whole population while sample size refers to the method used in evaluating the data collected from the specified population sample. Nevertheless, sampling is a selection of a small number of the respondents to the present survey population (Cooper and Schindler, 2006: 86). Because of the nature of the population, researchers used Purposive sampling which is a technique of sampling whereby the researchers used their own judgment about which respondents to choose and picks

20 respondents who possess the required information and could meet the purpose of the study. The purposive sampling method used to select the sample size to be evaluated. Therefore, with the availability and information sharing, Sample size was 54 employees of SINA Gerard/ Enterprise Urwibutso.

### Methods and Techniques of data collection

The instruments used by the researcher to gather information from respondents and other sources that are relevant to the research study. Information gotten from primary and secondary sources. The research collected relevant information related to the role of human resource development on performance of SINA Gerard/ Enterprise Urwibutso by questionnaire and documentation.

### Primary data

Primary data is the information that gotten at the first time meaning that no one has already gathered it. Primary data was the information collected specifically for the purpose of investigation at hand; the researchers preferred to set questionnaire, to collect needed information related to the study.

### Questionnaire

The Questionnaire is a set of questions designed to generate the data necessary for accomplishing the objective of the research project. It is a formalized schedule for collecting information from the respondents (William et al, 2005: 120). Questionnaires printed and distributed to the respondents. The main basis for choosing this method was that the questionnaire; was easy to administer, and it saved time. Analyzing written information was simpler than verbal information since the respondents could read and write thus easy to give out information.

### Secondary data

Secondary data referred to information gathered from existing documents compiled by others. Below are the data collection methods carried out to obtain secondary data:

### Documentation

Documentation is the careful reading; understanding and analysis of written documentation for specific purpose (Bridget and Cathy, 2005: 83). Documents are used as sources of necessary secondary information. Library search was the data collection process that based on reading books and other documents that were relevant to the study. Documentation concerns the extensive study and review of published and unpublished documents report, journals, magazines, website information, and policy report related to the study.

### Data analysis

The process of data analysis involved several stages namely; data clean-up, data reduction, data differentiation, and explanation. Data clean involved editing, coding, and tabulation in order to detect any anomalies in the responses and assign specific numerical values to the responses for further analysis. Completed questionnaires edited for completeness and consistency. The data coded and checked for any errors and omissions.

Frequency, tables, and percentages used to present the findings. Responses in the questionnaires tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) programme to analyze the data. The responses from the open-ended questions listed to obtain proportions appropriately; the responses reported by descriptive narration.

## RESULTS AND DISCUSSION

Under this sub-subject, the study described the demographic characteristics including gender, age, marital status, level of study and employment status of the sampled respondents. This presented in Tables below.

Gender	Frequency	Percentage
Male	24	44%
Female	30	56%
<b>Total</b>	<b>54</b>	<b>100</b>

Age group	Frequency	Percentage
Below to 30	20	37%
From 41 to 50	24	44%
From 51 to 60	10	18%
Above 60	00	00%
<b>Total</b>	<b>54</b>	<b>100</b>

Marital Status	Frequency	Percentage
Single	10	18%
Married	44	82%
Widow	00	00%
Divorced	00	00%
<b>Total</b>	<b>54</b>	<b>100</b>

Education level	Frequency	Percentage
Secondary	20	37%
University	34	63%
<b>Total</b>	<b>54</b>	<b>100</b>

Employment status	Frequency	Percentage
Open ended contract	25	46%
Fixed term contract	29	54%
<b>Total</b>	<b>54</b>	<b>100</b>

From Table 1, it was evidenced that the majority of the respondents are headed by female at 56%, while 44% are headed by male. This implies that the view collected in the research is relatively free of gender bias since view of both males and female obtained.

Age distributions of respondents showed that 37% of sampled respondents were aged below 30 years, 44% were aged between the age brackets of 41-50 years while 18% of the respondents is ranged between 51 to 60 years old in that enterprise. This means that there was fair representation of the population as almost all age categories represented, the data provided reflected the views of the entire population, and the majority of the respondents are mature which means they produced mature answers.

Indeed, the above table indicates that among all respondents used in this study, 82% of respondents were married, 18% were single

but neither widow nor divorced respondent in our study. The table above reveals that among all respondents used in this study, married respondents were at higher number than any other category of respondents while considering their marital status. This showed us the persons whom we were dealing with. Although, being single or married can change an individual's behavior at the workplace.

From the findings in Table 4 above, the study found out that the level of education of majority of the respondents in SINA Gerard/ Enterprise Urwibutso is secondary level (37%), followed by those who have Bachelor's Degree at 63% while those whose level of education is primary are at 10%. We concluded that the respondents are able to comprehend and intelligently respond to the questions asked basing on their educational background.

This showed that 46% of respondents who are working in SINA Gerard/ Enterprise Urwibutso are under open-ended contract, 54% has fixed-term contract while there are also those who work part-time at 25%. This implies that the respondents are experienced with the working environment and the information they gave was reliable.

## Findings from research objectives

Working condition	Frequency	Percentage
Poor	5	9%
Good	49	91%
<b>Total</b>	<b>54</b>	<b>100</b>

Management strategies	Frequency	Percentage
Supervision and guidance	38	70%
Increase of salary	10	19%
Auditing	6	11%
Reducing of labours	00	00%
<b>Total</b>	<b>54</b>	<b>100</b>

Statements	N	Agree		Disagree	
		F	%	F	%
SINA Gerard/ Enterprise Urwibutso has clear strategic goals and plan	54	54	100	00	00
Workers are encouraged to use the time well and cooperate within themselves	54	54	100	00	00
Managing director maintain order and discipline in the Enterprise	54	50	92	4	8
Managing director regularly supervise employees in their duties	54	40	74	14	26
Staff is fully engaged in human resource management implementation	54	54	100	00	00
Rewards are linked to employee performance	54	26	48	28	52
SINA Gerard/ Enterprise Urwibutso promotes honest and self-expression among workers	54	50	92	4	8

Employees are asked by manager to participate in decision making	54	10	19	44	81
Statements	Agree			Disagree	
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Employees are asked by manager to participate in decision making	54	10	19	44	81

Human resource has an effect on performance of SINA Gerard/ Entreprise Urwibutso	Frequency	Percentage
Yes	52	96%
No	2	4%
Total	54	100

Challenges affecting human resource management in SINA Gerard Enterprise Urwibutso	Frequency	Percentage
Insufficient market	6	11%
Low number of workers	00	00%
Competition	30	56%
High taxation	11	20%
Others	7	13%
<b>Total</b>	<b>54</b>	<b>100</b>

#### **Working conditions in SINA Gerard/ Enterprise Urwibutso**

The table above indicated that 91% of respondents reported good working conditions in SINA Gerard/ Enterprise Urwibutso while 9% denied. Basing on the majority, we concluded that SINA Gerard/ Enterprise Urwibutso cater for employees as well as customers. In fact, good working environment helps company to improve its performance in terms of profitability.

#### **Human resource management strategies initiated by enterprise**

The study showed that SINA Gerard/ Enterprise Urwibutso tried to manage strategically by supervising and guiding workers (70%), Increase of salary for workers (19%), auditing company's operations (11%), but none responded reducing labors as strategy to manage employees. We infer that good management helps businesses to increase productivity.

#### **Other human resource management strategies**

Respondents provided answers to different statements by agreeing or disagreeing where 100% agreed that SINA Gerard/ Enterprise Urwibutso has clear strategic goals and plan and Workers are encouraged to use the time well and cooperate within themselves as well. Managing director maintain order and discipline in the Enterprise at 92% but 8% disagreed, 74% of respondents reported that Managing directors supervise employees in their duties regularly while 26% denied with the statement. Staff is fully engaged in human resource management implementation at 100%, 52% disagreed that Rewards linked to employee performance whereas 48% agreed. 92% reported that SINA Gerard/ Enterprise Urwibutso promotes honest and self-expression among workers but 8% rejected. Employees also asked by manager to participate in decision-making (19%) while majority (81) of the respondents



revealed that employees do not participate in decision-making. Basing on the above findings, we concluded that such enterprise has tried to manage workers by taking different strategies in order to increase profit and customer satisfaction. However, they have to improve the weak areas identified.

#### **Human resource has an effect on performance of SINA Gerard/ Enterprise Urwibutso**

According to respondents' views (96% agreed with statements), we concluded that having human resource department in any enterprise is very important because it brings commitment among employees, enables adequate profit and customer satisfaction. It also leads to liquidity, provides ability to manage business risks, and enables an enterprise to achieve its objectives.

#### **Challenges affecting human resource management in enterprises**

From data collected through the questionnaires that randomly given to the respondents, the results show that 56% of respondents confirmed and emphasized that SINA Gerard/ Enterprise Urwibutso face the challenge of staff competition. Here the enterprise compete with other companies that produce the same products especially imported good which were manufactured by using high technology and are being sold at cheap price hence affecting products of SINA Gerard/Enterprise Urwibutso by lacking market at 11%. Enterprise also face the challenge of high taxation charged by government and others climatic conditions that negatively affect agricultural production as source raw materials of Enterprise.

## **CONCLUSIONS**

Human resource development is an internal factor that influence an organization's performance rather than the external resources and it is very important since it enables growing small enterprises in Rwanda. This counts the purpose of profit-making growing business, nevertheless, the researchers realized that small-medium enterprise lacks sufficient working capital management concepts, sufficient market, competition, favorable taxation, sufficient funds, financial knowledge, and the finance record order keeping.

Referring to the findings, 100% of the respondents have agreed that SINA Gerard/ Enterprise Urwibutso has human resource department. This implies that the company is well managed since it has a person in charge of monitoring and evaluating employees and operations of the enterprise. Therefore, human resource department has a beneficial influence on work results, such as work performance.

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## **Recommendations**

Based on the results of this study, the researchers want to give the recommendation to various stakeholders in the management of SINA Gerard/ Enterprise Urwibutso in order to affect profit as a right factor. Therefore, recommendations include the following:

#### **Recommendation to the Rwandan government**

The Ministry responsible for SMEs should initiate training programs to Rwanda growing entrepreneurs. Further, this study recommends that human resource department in SMEs must be made mandatory to improve their financial performance and increase chances of them formalizing their business operations.

#### **Recommendations to the management of SINA Gerard/ Enterprise Urwibutso**

It is highly recommended that SINA Gerard/ Enterprise Urwibutso should increase number of workers in order to fully achieve expected production.

Managers, in their turn, would follow government instructions and advices because it is their own interest.

Human resource officers should emphasize constant monitoring and training of employees on how to manage business operations.

Human resource officers should endeavor to compare their products with those of other products providers so as to improve on the weak areas.

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