

Human Resource Practices in the Construction Industry: Does the Involvement of Expatriates rather than Host Employees Affect work Quality? A Study of RCC and JB

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Abstract

This study investigates the human resources practices in the construction industry and examines if involvement of expatriates rather than host employees affect work quality in the Nigerian construction industry. To achieve the main objective, the study utilized survey design and data was collected through a self-administered questionnaire from a sample of 45 respondents who were randomly picked from two communities in Anambra and Enugu states where two purposively selected companies Reynolds Construction Company (RCC) and Julius Berger (JB) were undergoing construction works. Having analyzed the data, the study found out that engaging expatriates by the Nigerian construction companies facilitate reliable and effective work quality than the engaging host employees. This finding was informed from the respondents' opinions' to the seven-item questions raised. The work among other things, recommended that local employees in construction organizations must be committed to a program of capacity development so that their capacity building can be developed and enhanced. The work, in addition to that, also advised that construction firms may send expatriates' on shorter assignment and engage in teleconferencing, telecommuting, and other electronic means with host employees so as to reduce inter-racial/ethnic conflict and to facilitate communication between their international divisions.

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INTRODUCTION

The advent of globalization has reduced the world into a single market and this has facilitated the movement of labor from one part of the world to another. Many organizations such as the multinational corporations especially construction firms freely move people across the globe to meet technical and managerial personnel requirements in the quality of work to be delivered to the people. This demand in people movement is considered more critical in the emerging markets

where it is generally assumed that both managerial and technical capacity of using host employees is often ineffective. In Nigeria for example, while there are high numbers of graduates without job, construction firms still continued to import expatriates into the country because of complaints that technical skills of Nigerian graduates have deteriorated over the past decade and due to the views of the people that the work handle by expatriates are more effective than those majorly done by local humans (Dabalén, Oni and Adekola,

2000). The objective of such manpower importation is based on the assumption that the ability to constantly exploit the global knowledge is a critical component of competitive advantage. Governments' approval for the importation of expatriates is often hinged on the premise that such appointments were temporary or fixed time in nature and that expatriates are obligated to develop the expertise of nationals as a key requires for expatriate quota application in Nigeria.

Experience seems to suggest that key top and senior management positions in majority -if not all- major construction companies Nigeria are filled by expatriates. The Nigerian enterprises promotion decree of 1972 and 1977 were repealed and replaced by Nigerian investment promotion decree 16 in 1995, which sought to liberalize business ownership and operations. Foreigners have legal rights to own 100% of business in Nigeria, which was one of the initial pivotal policy drives of the Obasanjo's government to encourage inflow of direct foreign investment to Nigeria. Many of the companies started a buyout of Nigerian shares and new companies have no obligation for local participation. A new trend that soon emerged and continues to grow is that key management positions in most of these construction firms that were filled by nationals started to be either made redundant or replaced by foreigners. There were a number of cases where Nigerian top management executives challenged the qualifications and competency levels of their expatriate boss leading to conflicts that were always settled by the boards of directors in favor of expatriates. While there is no immediate data to support, it is widely known that recent positions occupied by expatriates in the Nigerian private sector organizations are no longer limited to technical positions but include marketing, finance and human resources that hitherto under the Nigerian enterprises promotion Act were reserved for nationals.

A key resource that firms must acknowledge, manage, and integrate to grow and create sustainable competitive advantage is knowledge (Gupta & Govindarajan, 2000). Knowledge transfer, the process through which one unit (e.g., individual, group, department, or division) is affected by the experience of another (Argote & Ingram, 2000), is fundamental to organizational performance. In practice, all knowledge is a mixture of tacit and explicit elements rather than being one or the other. Specifically, the use of expatriate capabilities for knowledge transfer has been recognized as an important mechanism to monitor and evaluate the activities and behaviors within the subsidiary. For instance, construction companies in Nigeria prefer to appoint their own foreign executives as a way of protecting their interests and to transfer corporate knowledge and develop operations abroad in a manner consistent with their values and objectives. This in turn through the accumulation, development, and reconfiguration of the organization's unique resources, capabilities and knowledge creates a competitive advantage (Cater, 2005).

A veritable concern for this study to find out the human resource practices in the Nigerian construction industry and as well as to determine if expatriates appointments rather than host employees actually lead to improved and enhanced work quality among construction organizations. Further, the study is concerned about the solution of the problems of managerial capacity development in Nigerian construction industry and consequently, it should therefore be possible to reveal that if all expatriate managers have superior technical and managerial competencies when compared with those of the host managers they are likely to rate as superior over the nationals using the same assessment of potential-performance along a classification grid. Hence, it is hypothesized that:

H_A: Expatriate employees encourage reliable and effective work

quality than the engagement of host employees in the Nigerian construction industry

LITERATURE REVIEW

Human Resources Practice in Nigeria

Human resource development is an interdisciplinary field, which focuses on systematic training and development, career development, organizational development to improve process and enhance the learning and performance of individual and organizations. A central goal is to broaden understanding of the complex activities involved in assisting individuals or organizations to improve their ability to develop themselves (Academy of Human Resource Development, 1999).

Human resource development can be defined as planned activities designed by an organization to provide its members with the opportunities to learn necessary skills and knowledge with a view to meeting current and future job demands. HRD seeks to develop people's knowledge, expertise, productivity and satisfaction, whether for personal or group/team gain or for the benefit of an organization (Mclean & Mclean, 2001). HRD activities should begin when an employee joins an organization and should continue throughout their career, regardless of whether that employee is an executive or a worker on the assembly line (Dubem, 2012).

Swanson (2007) has defined HRD as a process for developing and unleashing human expertise through training, development and organization development for the purpose of improving performance. HRD is the part of people management that deals with the process of facilitating, guiding and coordinating work-related learning and development to ensure that individuals, teams and organizations performance is as desired. HRD process is more than provision of training courses in the work place. The definition adopted here is that HRD involves

process of planning, implementation, observation, and review to manage the cognitive capacities, capabilities and behaviours needed to enable and improve individual, team and organizational performance within an organization (Stephen, 2011). HRD is the process of allowing staff to acquire knowledge, skills and attitudes for the sole purpose of executing specific task(s) more efficiently and effectively (Ogunlana, Thapa, & Dey, 2002). It is not a once and for all activity but an ongoing process. As new employees are trained, so also are other older employees transferred to other jobs, promoted or trained for the more challenging jobs (Gann & Salter, 1998).

HRM policies and practices are carried out within an economic, social, political and legal environment. Thus, there is a need for considerable historical and cultural insight into local conditions to understand the processes, philosophies and problems of national models of HRM (Hofstede, 1993). Nigeria is the most populous country in Africa with an estimated population of 180 million people. The Nigeria's population and human resource base make it one of the most attractive countries for foreign investment in Africa. As foreign and local firms increase their involvement in Nigeria, they will need to build capabilities and utilise local competencies. The knowledge of human resource management (HRM) and more importantly perhaps, knowledge of the factors that impact on HRM in Nigeria will become increasingly critical to the way we do businesses in Nigeria and ultimately their success. Hence, the way to get things done cannot be divorced from local values, customs, and the overall external cultural environment HRM as a concept got introduced into the Nigeria literature in 1940 during the colonial era; with industrialization and commercialization, which later became wage employment. Ever since then, there has been a tremendous growth of HR in Nigeria, which in recent years has been characterized by lack of professionalism and specialization. Different

reasons have been accounted for as the challenges facing HRM practices in Nigeria. Some of which are discussed in this paper. The socio-cultural diversity of Nigeria has influenced the HRM practices in Nigeria. Nigeria is characterized by over reliance on culture, language, religion, gender and educational qualifications as a basis for determining who get employed. What this means is that, the opportunity for an average Nigeria to get employed is a factor of the aforementioned variables.

Need for HRD in Construction Industry

There is a consensus in literature that the conditions to which construction companies are expected to make meaningful impact on the economy requires a well trained workforce. For instance (Chan, Suen, & Chan, 2005; Odusami, Oyediran, & Oseni, 2007) observed that skills and knowledge have become the only sources of sustainable long term competitive advantage in the construction industry. There is an increased need for more varied skills in the construction industry including the ability to address, not only technical, but also financial, property management, and environmental concerns. Atiomo (2000) noted that these development needs could arise from the following main causes: one arising from changes in structure, policies process or procedure, the other arising from the desire to bring about changes in performance or improved productivity, attitudes, behaviour and relationships (culture). In the construction industry, the variability of construction project requires a continuous supply of trained personnel to match the numerous challenges that are often encountered. From the foregoing, the need for construction labour development can be categorized under the following interrelated points: Improving productivity, improving health and safety requirement and improving performance and profitability (Atiomo, 2000).

The need for HRD cannot be overemphasized at whatever level of organization, private or public, for the realization of corporate goals in terms of activities. HRD is concerned with providing education, learning and development opportunities, making training interventions and planning, conducting and evaluating training programmed. It is therefore essentially a strategic process, which is concerned with meeting corporate and individual needs, depending on whose perspective HRD is being considered. The development of human resource requires investment in human capital which from the perspective of the corporate organization is the workforce of allcadres (Oladeji, 2002).

Expatriate/Host Employees and Knowledge Transfer in the Construction Industry

The expatriation literature frequently cites the need to transfer resources abroad as a primary reason for expatriating capable home-country nationals to foreign affiliates. Construction firms use competent expatriates as a means of organizational development, aimed at increasing knowledge transfer within the subsidiary processes through a "contagion" effect from the more advanced technology and management practices used by foreign firms. Foreign Direct Investment (FDI) may also bring in expertise that the country does not possess through which technological and managerial knowledge that is not readily available to domestic investors can be transferred.

For the transfer to be successful, mechanisms based on human resources are relied on (Nonaka & Takeuchi, 1995). Consequently, expatriate capabilities are a legitimate way of transferring embedded knowledge (Downes & Thomas, 2000). Expatriates with a given set of capabilities are employed in the MNCs as vehicles for the knowledge transfer from one unit to the other (Minbaeva, et al, 2003). According to Downes and Thomas (2000), the greater the number of expatriates in a subsidiary, the more the

knowledge that can be transferred as such, the practice of employing expatriates may be a strategic move on the part of construction firms to increase the international experience and knowledge base of present and future managers. Thus, expatriation is a tool by which organizations can gather and maintain a resident base of knowledge about the complexities of international operations.

Theoretical Review

This work anchored on the Particularistic Theory of Global Management. Amble (2000) explains that the particularistic theory of management predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries. This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries.

Furthermore, particularistic interpretation of organization and management imply that history matters, as national systems of management and organization are past-dependent. For instance, the question may be asked whether Japanese management and organization can be truly understood without taking into account Japan's late industrialization halfway through the nineteenth century, leading to dramatic changes in

a society that still bore the characteristics of the feudal era.

METHODOLOGY

The research adopted survey method and design. The area of this study consists of Enugu and Anambra states, Nigeria. These states were selected because of the current construction works going on by the two selected organizations (Reynolds Construction Company (RCC) for the reconstruction Enugu-Onitsha express road) and (Julius Berger (JB) for the construction of new 2nd Niger Bridge). The population of the work consists of the selected publics from Onitsha, Anambra State and Udi, in Enugu being the two major areas where the current construction works in ongoing. The selected population comprised of 45 randomly selected people in the two areas. The researcher did not determine the size of the sample but to the small number of the selected sample. Data for this study were collected mainly from primary source through questionnaire that was self-administered. The answer options for the questionnaire were developed using Likert scale with: SA – Strongly Agree, A – Agree, U – Uncertain, D – Disagree, SD – Strongly Disagree.

ANALYSIS, FINDINGS AND DISCUSSION

This section presents various data gathered and the analytical techniques used. Of the forty five (45) questionnaires administered, forty (40) representing 89% were returned and found good for the data analysis.

Table 1: Respondents opinion to the raised questions

	Questions	No	Percentage [%] Distribution					Total %
			Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree	
1	Expatriates are better equipped than host nationals in the construction industry	40	42.5	30.0	12.5	10.0	5.0	100.0
2	Expatriates transfer appropriate up-to-date knowledge & skills and the quality of work done by them are superb	40	52.5	47.5	0.0	0.0	0.0	100.0
3	Expatriate possess superior managerial and technical skills than the local managers	40	27.5	22.5	17.5	12.5	20.0	100.0

4	Local managers have adequate training and technical skills to perform their functions well than the expatriates	40	25.0	45.0	20.0	7.5	2.5	100.0
5	There is significant differences in the skills and knowledge of expatriates and local managers and this affect work quality	40	32.5	40.0	7.5	10.0	10.0	100.0
6	Construction firms success is contingent upon expatriates ability rather host employees knowledge	40	25.0	32.5	15.0	15.0	12.5	100.0
7	The expatriate managers bridge the managerial capacity requirement in the country's construction industry	40	25.0	35.0	15.0	20.0	5.0	100.0

Source: Field Survey, 2019

The hypothesis formulated for the study is tested as follow using z-test. SPSS was used to analyze the test. For the study, the level of significance is fixed at 0.05 alpha levels. This implies that the researcher is 95% confident that the decision taken is correct.

HO: Expatriate employees do not facilitate reliable and effective work quality than the engagement of host employees in the Nigerian construction industry.

HA: Expatriate employees encourage reliable and effective work quality than the engagement of host employees in the Nigerian construction industry

Table 2a: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
decisions on expatriates' & work quality	40	39.6000	19.84103	3.96821

Table 2b: One-Sample Test

	Test Value = 0					
	Z	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
decisions on expatriates' & work quality	8.119	39	.000	39.60000	31.4100	47.7900

Source: SPSS analysis of field data 2019

Having analyzed the data from the questionnaire using one-sample z-test to examines if expatriate employees encourage reliable and effective work quality than the engagement of host employees in the Nigerian construction industry the tables 2a&b revealed that the z-test result shows the existence of significant result on the variables ($z = 8.119 >$ at $p < 0.05$). The significant level was found to be 0.00, and due to this we reject the null hypothesis and accept the alternate one which states that expatriate employees encourage reliable and effective work quality than the engagement of host employees in the Nigerian construction industry.

Our findings is closely related to the work done by Onodugo (2012) which showed that the activities and presence of MNCs have resulted in the employment of more expatriates in the Nigerian organizations than the local nationals due to the advent of globalization. This has a lot of implications to management of business in Nigerian economy of today among which is how corporate decisions are made. The work of Nwaba (1995) negates our submission. The result of his paper was that the dejection of local employees in multinational organizations may spirals out industrial issues leading to discontents, strikes, conflicts and lack of commitments which will definitely affects productivity. The research outcome of House (2001) also contradicts our

findings. The main argument was that there should be equality in hiring and firing of both expatriates' and host nationals by MNE's if global survival is a sought goal.

CONCLUSION

The study revealed that the quality of work done by expatriate managers in the Nigerian construction industry tends to be effective than those undertaken by the host employees. This implies that the more capable the expatriate management is the more managerial capabilities and efficiency than the host country workers. These capabilities are in terms of experience gained over time, knowledge and skills in managerial, technical and technological aspects. Given the findings that expatriate capabilities positively and significantly impact on the performance of construction firms in Nigeria, it means that construction firms gain a competitive edge over their rivals based on the quality of their human resources. The primary reliance on experienced and technically skilled expatriates in key managerial positions by the multinational groups is a key source of strategic competitive advantage in Nigeria since the work done by them tends to be more reliable and effective than those constructed by the host employees. Findings further showed that capacity building through knowledge transfer from expatriate managers is interrelated. This suggests that when the expatriate managers in this study work with and through the indigenous to accomplish assigned tasks, they build capacity for the local managers since they are fully involved in the activities of the management. Going by these findings, the study recommends that the recruitment process of expatriates must be thorough to ensure that only those with adequate skills and motivation to perform at a high level are recruited. Construction organizations must also be committed to a program of capacity development for local employees so that their capacity building can be developed and enhanced. Regulatory bodies responsible for quota approvals must also ensure

that each expatriate position have identified local understudy with proviso for maximum years the quotas can be renewed for each positions. Sending of expatriates to host country, though can minimize the running costs but can cost a lot of money for construction firms if they are not effectively selected. Therefore, global firms can re-strategies in this area and make limited use of few expatriates and as well develop local talents. Moreover, in a developing country like ours, the security of expatriates is an issue. As a result, construction firms may send their expatriates' on shorter assignment and engage in teleconferencing, telecommuting, and other electronic means to facilitate communication between their international divisions. To reduce the problem of low workforce productivity among the host employees as a result of foreign nationals, local employees need to be incorporated into strategic decisions. Although, developing a valuable pool of expatriates is important, local employees are more valuable, tend to be familiar with the culture and language, and usually cost less because they do not have to relocate

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