Impact of HR Practices on Perceived Performance of Hospital Employees in Pakistan

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Abstract

The objective of our study is to establish the relationship between Employee's Performance and HR practices in the developing countries like Pakistan. Few studies have been conducted to examine the relationship between employee's performance and HR practices in the developing countries. The core aim of our study is to investigate relationship between employee's performance and three Human Resource practices (Performance Evaluation, Promotion and Compensation) among hospital employees in Pakistan. The outcomes of this paper shows the positive association between promotion practices and compensation practices with employee performance but employee performance are not significantly associated with performance evaluation. Pakistani hospitals need to change some compensation practices for the improvement of hospital employee's performance.

Keywords: Employee performance, HR practices, Hospital employees, Pakistan.

1. Introduction

Many researchers have studied that organizational and employee performance is positively associated with HR practices (Guest, 2002; Harley, 2002; Gould-Williams, 2003; Park et al., 2003; Wright et al., 2003; Tessema and Soeters, 2006). Researches conducted by previous researchers have mainly focused the developed countries but few studies have been conducted related to developing countries like Pakistan. According to Aycan et al. (2000) Pakistan is 'under-researched' in the HRM practices.

The purpose of this study is to examine the relationship between HR practices and hospital employee's performance in Pakistan. Pakistan is a country where health issues arise repeatedly. There are many reasons behind such health problems. One of the main reasons is hospital employee's performance that affects the people's health. In Pakistan, even a single hospital is not ranked in the world top 50 hospitals. Pakistani government is also focusing on the development and growth of hospital employees with different initiatives. In such situation we have to rectify the reasons through which we could improve the performance of hospital employees.

The core objective of our study is to assist the head of hospitals in the Pakistan to improve the HR practices which can enhance the performance of hospital employees. Moreover, this study assists HR managers of public and private sector hospitals for the upgrading of HR practices which they can implement to improve people's health.

We have selected two hospitals for our research i.e. Shifa International Hospital and PIMS Hospital; these are located in the capital of Pakistan. Information has been collected personally through a questionnaire and likert-scale is used.

2. Literature Review

2.1 Human Resource Practices

There are many HR practices that are used to investigate the relationship between HR practices and employee performance. Teseema & Soeters (2006) have examined the relationship between employee performance and eight human resource practices. These practices were: recruitment and selection practices, training practices, placement practices, employee performance evaluation, compensation practices, promotion practices, pension or social security and grievance procedure.

Another researcher Huselid (1995) examined the relationship among employee performance and eleven HR practices (i.e. performance appraisal, personnel selection, job design, incentive compensation, grievance procedure, attitude assessment, information sharing, labor management, employee training, recruitment efforts, and promotion criteria).

However, this study mainly focuses on the relationship between three HR practices (i.e. promotion, compensation and performance evaluation) and employee's performance. In Pakistan people have low per capita income; above mentioned three HR practices directly affect the social status and financial earning. These three practices may be the main determinants of employee's performance so this is the main reason to select this topic.

2.2 Compensation Practices

Frye (2004) concluded that organizational performance and equity based compensation have a positive relationship. He suggested that compensation plays a key role in the human capital intensive firms for retaining and attracting the skillful employees. As Hospital is a human capital intensive organization, so compensation plays a major role in the hospitals for retaining and attracting competent doctors and staff. There is positively affect the performance of employees when incentive and pay plans linked with Practices like participation of employees in the problem solving, job design with flexibility, provide training to employees of different sills, employment security and communication (Ichniowski et al., 1997). High HR practices have statistically significant association with employees result and outcomes (Huselid, 1995). According to Teseema & Soeters (2006) there is positive correlation between employee performance and compensation practices. Basis on above literature we have easily find compensation practices and performance of employees are correlated. But we have to test in hospital employees.

H1: Compensation practices have positively and significantly relationship with the performance of hospital employees in Pakistan.

2.3 Promotion Practices

Companies those are financial successful like (Hewlett-Packard) develop and promote from within' (Truss, 2001). Teseema & Soeters (2006) suggested that both employee performance and promotion have positively correlated. HR practices have positive correlation with life satisfaction and work satisfaction with values 0.24 (P=<0.001) and 0.15 (P=<0.001) (Guest, 2002). Good system of HR leads to high organizational performance. Basis on above literature we can say that promotion practices have correlation with employee performance but in hospital employees needs to be checked.

H2: Promotion practices have positively and significantly correlation with employee performance in the hospitals employees of Pakistan.
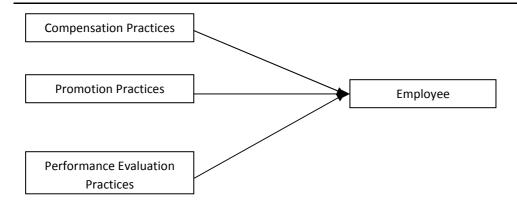
2.4 Performance Evaluation Practices

In organizations performance appraisal system is a process through which management monitor the employees productivity and basis on this data management take actions for improvement of productivity (Brown and Heywood, 2005). Productivity and commitment level can also be improved due to performance appraisal (Brown and Benson, 2003). Good supervision can be improved the productivity and commitment level of hospital employees. Performance appraisal can be enhanced HR practices like incentive pay and training and also leads to high productivity (Brown and Heywood, 2005).Basis on the above literature we can say that performance evaluation practiced have correlation with employee performance.

H3: Performance evaluation practices have positively and significantly correlation with employee performance in the hospitals employees of Pakistan.

Theoretical Framework

Independent Variables are Compensation Practices, Promotion Practices and Performance Evaluation Practices and Dependent Variable is Employee performance.

3. Methodology

3.1 Questionnaire

Questionnaire was used by Teseema & Soeters (2006) for measurement of HR practices on employee performance. Reason for choosing this questionnaire because reliability and validity is checked by Teseema & Soeters (2006) . The reply was necessary on five point Likert scales (endpoints: 1 = strongly Disagree, 5 = strongly agree).Alphas range are .73 to .83 this is easily acceptable.

3.2 Participants

The participants are hospital employees from two leading hospitals of Pakistan. Total 100 questionnaires were distributed but 90 were received back. These are sufficient for analysis.

3.3 Procedure

The data that is received by individuals directly, punched and analysis were applied on this data for prove the hypothesis.

4. Results and Discussions

4.1 Demographics

In this study demographics are not used to observe their association with performance of employees. Following Table 1 shows about respondents and result for this research. Males are in majority to give response and maximum respondents hold master degree. Maximum respondents are married.

Table 1. Demographics

	Description	Frequency	%age
Gender	Male	75	83.33
	Female	15	16.66
Age	20-35	55	61.11
	36& over	35	38.8
Qualification	Bachelors	25	27.77
	Masters	65	72.22
Marital Status	Married	65	72.2
	Unmarried	25	27.7
Organizational Tenure	1 to 4	15	16.6
	5 to 9	10	11.11
	10 to 14	25	27.7
	15 to 19	20	22.2
	20 to 24	8	8.8
	25 to 29	15	16.6
	30 & above	2	2.00

4.2 Correlations Matrix

Correlation matrix is used for checking the existence of relationship between independent and dependent variables.

Table 2. Correlations Coefficients

	MEAN	SD	EP	CP	PEP	PP
EP	3.25	0.5	1			
CP	3.33	0.8	.510**	1		
PEP	3.00	1.26	.164	.452	1	
PP	3.33	1.52	.653**	.453	.484	1

** Correlation is significant at the 0.01 level (2-tailed).

**p < 0.01, n =150

SD= standard Deviation, EP= Employee Performance, CP=Compensation Practices, PP= Promotion Practices, PEP= Performance Evaluation Practices

The correlation matrix shows a significant relationship between dependent and independent variables. This is indicated that compensation practices and promotion practices have strongly and significant positive correlation with employee's performance.

4.3 Regression

The model summary shows that the value of coefficient of determination is .556 which means 55.6% variation in dependent variable is being explained by independent variables.

Table 3. Regression Results

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.745	.556	.535	.26041

a Pridictor (Constant), d, Age, PP; CP. PE

Table 4 below shows the significance level at .000 and F value is 35.156.

Table 4. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.147	3	2.382	35.15	.000
	Residual	5.828	86	.068		
	Total	12.975	89			

Results of Table 5 indicates that standardized beta coefficients are showing significant positive relationship for CP and PP with EP and PE shows the negative significant relationship with EP.

Table 5. Coefficients

Model	Unstandardized coefficients		Standardized coefficients		
1	B	Std. Error	Beta	t	Sig.
(Constant)	1.524	.376		4.049	.000
CP	.371	.088	.360	4.236	.000
PE	-.404	.114	-.308	-3.557	.001
PP	.625	.085	.639	7.386	.000

Dependent variable EP.

This table 2 shows that hospital employees performance and compensation practices has strong correlation with each other (0.51(**), **.p<.01) that is strongly supported by Teseema & Soeters (2006) had value (0.38). These results show that hospital employee's performance in Pakistani hospitals is affected by compensation practices. Promotion practices have significant correlation with hospital employee's performance (0.653(**), **.p<.01). Teseema & Soeters (2006) got value (0.48) this is also support this study. This is also plays a grate role in hospital employees performance in Pakistan.

The association between hospitals employees' performance and performance evaluation practices is weak (0.164) these results are different from Teseema & Soeters (2006) findings. Reason behind this is because in Pakistani hospitals there is no proper performance evaluation system. In public sector hospitals there are (ACR) system means Annual Confidential Report used for measurement of employees performance but in private hospitals some systems are exist but that have no effect on performance.

5. Conclusion and Recommendations

This study has many implications for Pakistani hospitals. It has weak correlation between performance evaluations practices and hospital employee's performance required on time attention. If there is ineffective performance evaluation practices exist in the hospitals than it is very difficult to get desired output from the employee's. In public sector especially reduce the time period of evaluation and need to change the confidential reporting system and also results are communicated with employees. And according to compensation practices that have directly impact on employees performance in hospitals. This study has proved the positive correlation promotion practices with hospital employees, it's up to government and the hospitals to devise careers development program for employees.

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