

HRM Practices On Employee Performance And Organizational Performance In Telangana Hospitals

Chinta Lakshmi Saroja
Research Scholar, Shri J J T University,
Rajasthan.

Dr. J Uma Maheswara Reddy
Professor, Holy Mary Institute Of
Technology & Science, Hyderabad

Abstract:

The results of Partial Least Square Path Modelling (PLS-PM) have shown that Out of the five HRM practices, Two HRM practices viz., Recruitment and Selection, Training and Development are found to be significant predictors of organizational performance. This study was undertaken to fill this obvious research gap. Data collected from fifty manufacturing firms in Telangana hospitals shows that HR practices have significant association with organizational performance. Out of HR practices, only performance appraisal is found to have significant impact on organizational performance. Hospital organization faces various human resources management challenges. Managing human resources are a true challenge for hospital management. Human resource management contributes to the creation of good organizational climate which characterize the growth opportunities, proper distribution of work, reward and pleasant relationship. The correlation analysis shows that the recruitment and selection, compensation and rewards, training and development, team work and performance appraisal are moderately and positively associated with job satisfaction of the employees of paramedic in Telangana hospital. The Telangana hospitals should appoint employees with skill and knowledge and make them to understand the state of affairs of their employment. In addition, the hospitals should recruit new employees immediately when vacancy arises and must offer compensation as per the expectation of the employees of paramedics and give incentives and other fringe benefits to boost the employees' performance. Besides, the private hospital should integrate compensation plan with its mission and goals in order to gain or sustain competitive advantages.

Key Words: HR Practices, Organizational Performance, Employee Performance

1.0 Introduction:

It is the primary goal of Indian government to ensure unhindered access to necessary hospital services and physician services to patients who are financially deprived or suffering from other barriers and health services may not be withheld on the basis of income, age, health status or gender. On behalf of hospitals, initiatives are made by human resources professionals to improve the overall standard of care in the hospital. This department examines and shapes the organization's corporate culture among the public and private hospitals operating in India. Today hospitals all over India have taken steps to define the values, behaviours and competences that characterize the current culture, and analyze these against the desired culture. Human Resources Management also plays an important role in

investing in employee development. This is achieved by assisting employees to prepare and market themselves for internal positions and helping them pursue employment opportunities outside the organization. This case makes obvious the important roles that human resources management can play in coordinating organizational change.

Within many health care systems worldwide, increased attention is being focused on human resources management issues in hospitals. Specifically, human resources are one of three principle health system inputs, with the other two major inputs being physical capital and consumables. Human resources, when pertaining to health care, can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention. As arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services.

People management (HR practice) is broad concept and an aspect of organizational management that intends to affect directly those who work within the organization. This includes organizational culture, communication practices, HR activities, leadership. Human resource practices and employee performance in health care are the focus of this review, as there are significant concerns in both developed and developing nations about higher quality of health care, especially in hospitals. Even though management practices are recognized as instrumental for enhancing employee performance, quality of health care, many studies hitherto have focused on individual practices, overlooking or under specifying the contexts within which these practices are operating. The gaps observed in the previous studies was either due to scant documentation of the nexus between management practices (e.g. HPWSs) and performance in health care setting, especially in developing countries. Developing effective HR practices in health care organizations for high quality of care in the developing countries is complex issue. This is, among others, essentially, due to globalization and advance in medicine, HR crisis, political and economic factors, structural determinants including quality management and dynamic demands from patients or customers. This paper builds upon and extends previous research work on strategic HRM to examine the influence of system of HR policies and practices on employee performance and patient outcome. In pages that follow, the paper will highlight the study under consideration and review relevant literature and theory, describe objectives, method, present and discuss the findings.

2.0 Literature Review:

Qasim Riaz, (2012) 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.

S. Abdul Hameed, (2016) The purpose of this paper is to examine the relationship among the HRM Practices, and Organizational Performance. For this study, a sample of 250 nurses was drawn from the population of 600 nurses using a structured questionnaire from four Leading hospitals in Tiruchirapalli district. The results of Partial Least Square Path Modelling (PLS-PM) have shown that Out of the five HRM practices, Two HRM practices viz., Recruitment and Selection, Training and Development are found to be significant predictors of organizational performance.

Yousif El-Ghalayini, (2017) The literature on the relationship between human resources management (HRM) and organizational performance has focused on private sector organizations and there has been very limited research on international governmental organizations (IGOs). This article focuses on the relatively understudied international governmental organization. On the basis of a large organization-wide survey, this study examines the effects of HRM practices on worker attitudes by reporting the results of a staff survey and follow-up interviews conducted on a cross-section of one of the largest IGOs. The organization has a quasi-governmental role, delivering essential public services including education, healthcare, social services, and emergency aid. The empirical evidence has shown that the effects of specific HRM practices, such as training and development, outperform other practices, such as staffing and recruitment. The results also indicated that HRM practices have synergistic and complementary effects on each of the employee attitudes that exceed their individual effects.

3.0 Research Methodology:

Through the literature review it is clear and evident that there could be interrelationships between the dimensions of HRM practices and Organizational Performance. But, there is few empirical supports to prove that HRM practices has a significant and positive effect on Organizational Performance. This research curiosity has led to the construction of following research model of Recruitment and selection has significant positive association with Organizational Performance. This basically is an empirical study and as the name suggests it relies on experience or observation alone, and it can even be without due regard for system and theory. This is basically a data based research, which can give conclusions based on observation. As far as the approach is concerned, it is both qualitative as well as quantitative in nature. Literature pertaining to HRM practices and Organizational Performance have been studied to understand the relevance of each one of them, and also, to study their antecedents and consequences of the same and used in the formulation of the working hypothesis.

Methods:

We also included articles from the reference lists of already selected articles, and often-cited articles from less-explicitly related to strategic HRM practices and performance in health care.

Research methodologies of the present study were outlined below

Sample:

A directory of 90 manufacturing firms listed was prepared. The structured questionnaire was sent to the HR managers of the all 90 manufacturing firms. Finally 50 useable questionnaires were found for the study (63% response rate).

Data Sources and Instrumentation:

The study was complied with the help of primary data and secondary data. Questionnaire survey method was used to gather primary data in the present study. A 23-item and a 05-

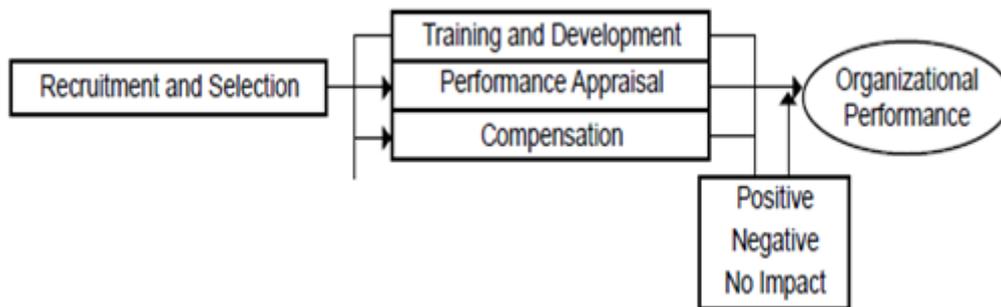


Figure-1: Research Framework

Item likert type questionnaire (where 1=strongly disagree to 5 = strongly agree) were developed with some modifications from earlier studies to measure the HR practices and organizational performance of manufacturing firms in Bangladesh respectively. As HR managers are the most reliable persons to provide data related to HR practices and overall organizations, the structured questionnaire was sent to the HR managers of the surveyed manufacturing firms. Moreover, the desk study covered various published and unpublished materials on the subject.

Variables:

The following four (04) HR practices were selected as independent variables.

RNS: Recruitment and Selection.

TND: Training and Development.

PA: Performance Appraisal.

COM: Compensation.

Dependent Variable:

Organizational Performance (Perceived)

Reliability and Validity

Before applying statistical tools, testing of the reliability of the scale is very much important as it shows the extent to which a scale produces consistent result if measurements were made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach’s alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but satisfactory value is required to be more than 0.6 for the scale to be reliable. In the present study, we, therefore, used Cronbach’s alpha scale as a measure of reliability.

Table 1: Reliability value of the Scale

S.No	Scale	No. of Items	Cronbach’s Alpha (α)
1	Recruitment and Selection	05	.780
2	Training and Development	06	.774
3	Performance Appraisal	07	.818
4	Compensation	05	.726

5	Organizational Performance	05	.799
Source: Survey data			

From the table-1, it is seen that reliability value was estimated to be $\alpha = .726$ to $.818$, if we compare reliability value of the scale used in the present study with the standard value alpha of 0.6 advocated, it is observed that the scale of the present study was highly reliable for data analysis. Validation procedures involved initial consultation of the questionnaires. The experts also judged the face and content validity of the questionnaires as adequate. Hence, researchers satisfied reliability and validity of the scale.

4.0 Data Analysis:

In the present study, we analysed our data by an enter wise method in a multiple regression analysis. In this context, a multiple regression was performed, by making use of all the discrete variables (i.e., dependent and independent variables) available in the dataset. The estimation process was based on Ordinary Least Squares (OLS) [i.e., $Y = a + bx$]. For this, purpose, we consider the following model specifications, by taking as dependent variable i.e., organizational performance by making HR practices as independent variables.

$$OP = \beta_0 + \beta_1(RNS) + \beta_2(TND) + \beta_3(PA) + \beta_4(COM) + e \dots \text{Model (1)}$$

Where $\beta_0, \beta_1, \beta_2, \beta_3,$ and β_4 , are the regression co-efficient

OP: Organizational Performance

RNS: Recruitment and Selection

TND: Training and Development

PA: Performance Appraisal

COM: Compensation

e: error term

To test how well the mode-1 fit the data and findings, correlation (r), R, R² (Coefficient of determination), variance, analysis of variance (ANOVA) and the t statistic were used. Correlation analysis was performed to find out the pair wise relationship between variables; RNS, TND, PA, COM, and OP. Hence, the results are summarised in table-2.

Table 2: Correlations Matrix for HR Practices and POP

Variables	RNS	TND	PA	COM	OP
RNS	1				
TND	0.497** (0.000)	1			
PA	0.569** (0.000)	0.635** (0.000)	1		
COM	0.509** (0.000)	0.404** (0.000)	0.660** (0.000)	1	
OP	0.557** (0.000)	0.508** (0.000)	0.723** (0.000)	0.595** (0.000)	1
Mean	3.584	3.643	3.760	3.448	4.032
Standard deviation	.840	.844	.750	.856	.722

Table-2 shows that the factors RNS, TND, PA, and COM are independently positively correlated with OP and also highly significant at 1% levels. Therefore, Hypothesis 1 of the present study was accepted. Here it is obvious that the maximum correlation ($r = 0.723$) is existed between PA and OP, followed by the association ($r = 0.595$) between COM and OP; RNS and OP ($r = 0.557$); and TND and OP ($r = 0.508$). It should be needed to give the highest emphasis on PA for superb OP. Compensation is also crucial for wonderful perceived organizational performance followed by other HR practices (i.e., RNS and TND). HR practices are pair-wise positively correlated with one to another and also statistically significant at P-value 0.000. Among the four HR practices, the relationship ($r = 0.660$) between PA and COM is the highest, followed by the link ($r = 0.635$) between TND and PA. Further, a multiple regression analysis was performed to identify the predictors of OP as conceptualized in the model. An enter-wise variable selection was used in the regression analysis and table-3 and table-4 show the summary measure and analysis of variance (ANOVA) of the model.

Table 3: Predictors of JS - Model summary

a. Predictors: (Constant), RNS; TND; PA; and COM			
Model	R	R ²	Adjusted R2
1	0.755a	0.570	0.532

Tables 4: ANOVA

Model	Sum of Squares	df	Mean Square
1	Regression	14.568	4
	Residual	10.981	45
	Total	25.549	49

The HR practices (RNS; TND; PA; and COM) in the above model revealed the ability to predict OP ($R^2 = 0.570$). In this model value of R^2 denotes that 57.0 percent of the observed variability in OP can be explained by the HR practices namely RNS; TND; PA and COM. The remaining 43.0 percent is not explained which means that the rest 43.0 percent of the variation of OP is related to other variables which are not depicted in the model. This variance is highly significant as indicated by the F value ($F=14.926$ and $P = 0.000$) [For details please see table-4]. An examination of the model summary presented by the table-3 in conjunction with ANOVA, presented by the table-3, indicates that the model explains the most possible combination of predictor variables that could contribute to the relationship with the dependent variable.

Table 5: Coefficients for Predictors of JS

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	β	Std. Effor	Beta		
1 Constant	1.114	.392		2.845	.007

RNS	.148	.107	.172	1.380	.174
TND	.039	.111	.046	.354	.725
PA	.467	.151	.485	3.081	.004
COM	.142	.113	.168	1.258	.215

The table-5 shows that PA is positively influencing on OP. For PA, the value of t is 3.081(p=0.004). Thus we accept Hypothesis 5 But for RNS, TND, and COM which fall in the area of rejection. Thus, we do not accept the Hypothesis 3, 4, and 6. Hence, it can be concluded that PA has significant impact on OP. Therefore, hypothesis-2 is also partially accepted.

Conclusion:

From the correlation matrix, the highest positive value of correlation between PA and OP clarifies that the authorities of selected manufacturing firms are required to give main focus on PA for getting fabulous organizational performance. In addition, the maximum average point (3.760) of PA also discloses the identical conclusion followed by COM; RNS and TND (For details please see table-2). It is also found that PA has significant impact on POP.

References:

1. Haque, M. M., and Azim, M. T. (2008), *Affective commitment and its antecedents: An empirical study in the context of Bangladesh. Paper presented at the 7th International Conference on Ethics and Quality of Work-life for Sustainable Development, Bangkok, Thailand.*
2. Harel, G.H., and Tzafirir, S.S. (1999), *The Effect of Human Resource Management Practices on The Perception of Organizational and Market Performance of The Firm: Human Resource Management, Vol.38, pp.185-200.*
3. Hoque, M. J. (1994), *Human Resource Development and Organizational Effectiveness. In R. B. Talukder (Ed.), Management of Change in South Asia (pp.433-451). Dhaka: UPL.*
4. Horngren, C.T., Foster, G., and Datar, S.M. (2000), *Cost Accounting: Managerial Emphasis, Prentice Hall, New Delhi.*
5. Hunter, E.J., and Schmidt, L.F. (1982), *Ability Tests: Economic Benefits Versus The Issue of Fairness. Industrial Relations, Vol.21, No.3, pp. 293-309.*
6. Huselid, M. A. (1995), *The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. The Academy of Management Journal, Vol.38, No.3, pp. 635-672.*
7. Huselid, M. A., and Becker, B. E. (1996), *Methodological Issues in Cross-Sectional and Panel Estimates of The HR-Firm Performance Link: Industrial Relations, Vol. 35, pp. 400-422.*
8. Ichniowski, C., Shaw, K., and Prennushi, G. (1997), *The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines: The American Economic Review, Vol.87, No.3, pp. 291-313.*

9. *Katou, A. A., and Budwar, P. S. (2007), The Effects of Human Resource Management Policies On Organizational Performance In Greek Manufacturing Firms. Thunderbird International Business Review, Vol.49, No.1, pp.1-35.*
10. *Mahmood, M. H.(2004), The Institutional Context of Human Resource Management: Case Studies of Multinational Subsidiaries in Bangladesh. Unpublished Doctoral Thesis, University of Manchester, UK.*