



Title: The Effect of Human Resource Practices on Employee Performance in Hospitals: A Systematic Review.

Author: Philipos P Gile¹

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Abstract

Background: Even though management practices are recognized as important factors in enhancing quality of health care, many studies hitherto has focused on individual practices, overlooking the contexts within which these practices are operating. Human resource (HR) practices are key for enhancing employee and performance and received substantial attention in recent research on management sciences..

Methods: We conducted a systematic review of the literature for two purposes. First, to understand how the major management practices and employee performance are linked. Secondly, to forward suggestions that will guide further research on how research in such a complex relationship might best be undertaken.

Results: This paper is a review of 106 relevant articles (out of the total 398 articles as per the set criteria) published in pre-eminent international refereed journals between 1994 and March 2013. The review covers the linkages between HR practices on employee

¹ Philipos Petros
Lecturer, Institute of Public Management and Development Studies
Head of HIV/AIDS Management Unit, Ethiopian Civil Service University
Addis Ababa, Ethiopia
Institutional e-mail: philipos.petros@ecsu.edu.et



performance guided by key theoretical framework/model informing the article; findings on HR practices and employee performance conceived and operationalized. The study shown disparities in the concepts and treatment of HRM practices and performance, but also some commonalities that show guidance on how to best undertake future research on the link between strategic HRM practices, individual and organizational performance in promoting quality of health care in the developing countries.

Conclusions: There is a need to develop systems approach of assessing the structural and process dimensions and apply comprehensive model to analyze the correlation between strategic HRM and employee performance at micro and macro level.



INTRODUCTION

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 (1). 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 (1,3) .

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 underspecifying the contexts within which these practices are operating (2). 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 (1, 3, 6).

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.

The question of whether ways businesses and people are managed, and how such practices contribute to the employee performance has been much debated. Moreover, little is known about the role of organizational factors, structure and HR practices on employee performance.

Some studies ignored addressing the structure-process - outcome dimensions of quality management and improvement, the link between HR practice and performance in healthcare remain a "black box". Research from other industries (Automotives, Manufacturing, Textiles, Banking, Steel, etc) has increasingly focused on systems rather than individual practices, has yielded results that may benefit health service management (1,4). The present study might shed light and uncover the back box with fresh approach and information.



The major objectives of the paper are (1) to provide a systematic review of management and HR literature in healthcare so as to examine how the previous researchers have defined and measured the constructs, and (2) to forward suggestions that will guide further research to improve healthcare quality. The major research question of this study is "How do managerial or human resource practices affect employee performance in hospitals?"

METHODS

To render the review task manageable, and to provide a credible guarantee of quality, this study gave high attention and restricted to articles that have appeared in pre-eminent, international refereed journals.

Following a similar approach used by scholars in the field, for example (1, 2, 4, 12) the author of this article focused on journals with readers of HRM journal, international journal of management review, academy of management journal, journal of management studies, journal of health care quality. 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.

This study draws on a comprehensive sample of 106 relevant articles (out of the total 398 articles as per the set criteria) published in pre-eminent international refereed journals between 1994 and March 2013. With regard to the inclusion of all articles selected for review, we are unable to outline the whole list of articles in this article due to space limit but attempt was made to analyze them to fit the purpose of the study.

Search criteria were set for inclusion and exclusion of articles for final review. The identification of relevant literature was focused on the criteria, terms and constructs included in the conceptual model and research questions. Thus search of electronic data base (combined with some hand search) was made using key constructs and related terms to the topic of study (e.g. role of strategic HRM, hospital, people management, developing countries, employee performance, quality healthcare, etc) and related variables. English-language articles as well as reference lists of retrieved articles were included. References of identified articles were also scanned for secondary references and all possible references exported into Endnote bibliographic management software.



The electronic journal databases of Health Sciences and Health Administration (CINAHL, MEDLINE), the COCHRANE reviews, ABIINFORM, PubMed, EMBASE and PsychINFO. Moreover, commonly cited journals will be hand searched while relevant websites such as UVT e-Library (Tilburg University), Google Scholar, Institute for Healthcare Improvement (IHI), WHO (World Health Organization) were browsed for relevant publications.

The major inclusion criteria was the use of English than any other language as a search language. The criteria covered management practices, HR practices, employee engagement, employee performance, hospitals, quality healthcare, performance management, medical workers, employee wellbeing, job satisfaction, patient satisfaction, physicians, nurses, administrative support staff, hospitals, e-journals database from 1994 - March 2013. While exclusion criteria were student nurses, student physicians, expatriates, non-English articles and those articles not published in peer reviewed journals.

ANALYSIS

Throughout the review of 106 articles published in pre-eminent international refereed journals between 1994 and March 2013, we attempted to do analysis of our study in comparison with the methods and findings from those previous reviews. We presented the major findings as per the research objectives guided by the conceptual framework. Attempt was made to thematically present the findings as per the guiding research objectives in a comparable manner.

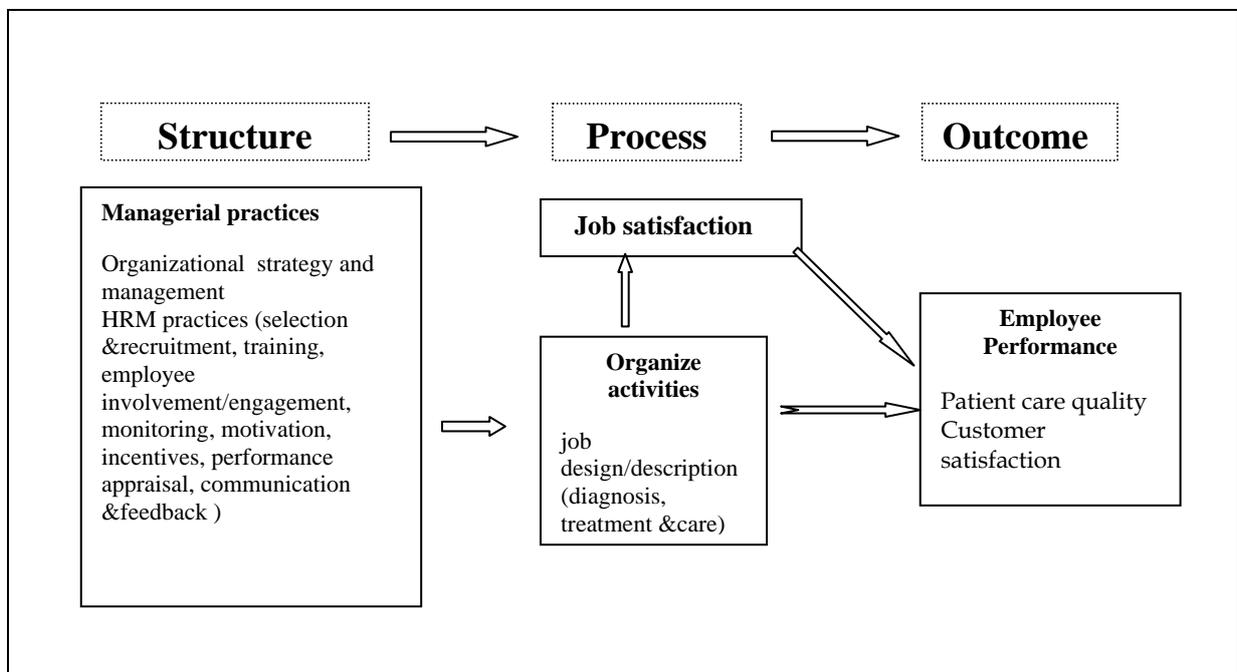
One of the major approaches to our analysis has been to examine the effect of managerial or HR practices and the link between these practices and employee performance in rendering quality healthcare in hospitals.

We have therefore adapted Donabedian model (vide below) to see and analyze the relationship between managerial or HR system and quality of healthcare in hospitals. Donabedian (2008) provides a sophisticated and well-used model of healthcare quality with three indicators (structure-process and outcome). He identifies technical and interpersonal aspects of patient care. The former aspect (as part of structure dimensions of quality indicators) refers to the appropriate application of professional knowledge and skills to promote quality health care through employees. The latter (process dimension) involves the

relationship between patients and employees (healthcare professionals) as well as the contextual factors including national and organizational climate, resource allocation, system communication, job design and descriptions, etc.

The following Donabedian's Tripartite Model which guided this study shows how structural parameters of healthcare quality are related to process and outcome, and that of process to outcome. Quality of healthcare is the relationship between structure, process and outcome. Guided by this framework, the present study adapted Donabedian Model of Quality of HealthCare and Process Model of Strategic HRM (3, 13, 14) .

Fig 1. Conceptual Model to examine the effect of managerial & HR Practices on Employee Performance quality healthcare



RESULTS AND DISCUSSION

Among those studies investigated the nexus between human resource practices and organizational and employee outcome, the present study found that there is considerable disparity or limited understanding of concepts, theories, approaches, or evidence in the management and health care field (15, 16).

In this study we often use HR practices interchangeably with high-performance work systems (HPWSs) which is defined as an integrated set of work practices that result in engaged employees and positive individual unit or organizational level outcomes. From



quality improvement perspective, HPWS practices are similar to Donabedian's structure dimensions of the structure, process or outcome model often times used in healthcare (3, 6, 7)

As an aspect of organizational behaviour, managerial practices involve both non-human and human resource related activities. In the health service research and management studies, there is considerable sense that structure and organizational process aspects of hospitals are important factors for quality of healthcare rendered by employees (3).

Studies show that organizational factors, people management or HR practices significantly impact employee performances in hospital setting (20, 29). Moreover, human resource management (HRM) practice is considered as the process of managing work and people in organizations (1,4). High quality of health care performance of service organizations depends on employee performance supported by organizational structure, strategy, people management and utilization of the required organizational resources (5, 6).

The findings from the majority of articles reviewed in this study shown that managerial practices in general pertain to financial, material and non-material, i.e., human resources which considered as structural dimensions of actors affecting employees performance of rendering quality health care (3, 7). The non-material aspect deals with human resource practices, often conceptualized by many of the previous studies as people management or high performance work practices (HPWPs) or high performance work systems (17, 22, 24)

According to some scholars in the field high performance work system (HPWS) is defined as a set of practices within organizations that enhance organizational outcomes by improving the quality and effectiveness of employee performance (2, 6). The concept of the practice "set" is key to this definition because this line of research is distinguished by its simultaneous focus on multiple practices as well as their complementarities (4, 20).

Studies also identified the most common examples of these practices including rigorous recruiting, selective hiring, and employee involvement in decision making. Although management and HR practices have been studied for more than a century, research examining these practices as a system or portfolio did not appear until the early 1990s (6-7).

Quality of care is to mean the "degree to which health service for individuals and populations increase the likelihood of desired health outcomes(reduced pain, illness or morbidity and mortality) and are consistent with current professional knowledge in the sector" (9, 26-28).



Given the promising findings from outside of health care and the urgency to improve care quality, this review sought to examine the potential for HPWPs to support the organizational (e.g., hospital) objectives of improved quality healthcare for patients (9, 32, 38). Although several literature reviews have examined relationships between managerial practices and organizational outcomes across industries, their focus in healthcare was inadequate. This article represents the first attempt (to our knowledge) to specifically review the potential applicability of people management practice related findings from across a breadth of contexts to the organizations' efforts to improve quality of health care in hospitals through team of employees (5, 15, 18, 23).

As there are concerns internationally, both developed and developing countries about quality of healthcare (11, 19) the nexus between HRM practice and quality health care is taken as the focus of the present study. The primary focus of this review is on systems of HRM practices than individual practices and their relationships to employee performance in rendering quality of care.

Several scholars identified organizational structure, availability of adequate material and financial resources and HR practices as among the major structural predictors of employee performance, which in turn contributes to organizational outcomes (1, 17). While other studies (2, 14) depicted that the contribution of structural dimensions and organizational management process, participative management styles have significant impact on the organizational outcomes including employee satisfaction and improved performance of employees in hospitals (15, 24, 37-38).

The search for the potential added value of HRM performance started in the mid 1990s with empirical studies from, for example, Arthur (1994) and Huselid (1995) as cited in (16, 29, 30). Their results revealed positive effects of HR practices, particularly HPWSs systems of employee acquisition or recruitment and selection, employee involvement and commitment, performance-related pay, extensive training and development, performance appraisal and employee participation on decision-making and outcome measures, labour productivity and better performance (18, 35-36).

New theory was developed in the 1990s suggesting the alignment of individual HR practices into human resource systems or bundles, i.e., HPWPs, is even more powerful for increasing performance than applying individual best practices in HRM (1, 2, 4). The fit



or alignment between, for example, selection, socialization, training, appraisal, rewards and participation is thought to contribute to get the best out of employees (19-21, 29).

Many researchers adopted different HR theoretical lenses to study the relationships between managerial, HR and organizational performance (1, 12, 32). Some of these theories (e.g., expectancy theory, behavioural and motivation theory, human capital theory, systems theory, exchange theory, human relations theory, normative theories of HRM, etc) provide insights into how HR practices affect employee performance (2, 31, 33-35) .

For instance, some scholars (30, 40) reflected that normative theories of HRM deal with "high-performance" work practices and an integrated bundles of HR practices to achieve high commitment and high quality and flexibility, then higher worker performance will result. The assumption is that these will have a positive impact on organizational performance. One might ask "Why do some organizations perform better than others? This can be due to, among others, differences in their organizational structure, climate, managerial or HR practices (22-24) .

Moreover, some studies (2, 25-27) discussed that that the nature of interaction between HRM practices and performance , particularly the search for conclusive evidence of the decisive positive impact of HRM on performance is for many the whole subject area's 'Holy Grail'. Yet, despite the substantial empirical evidence that has amassed worldwide in the last many years since the pioneering studies into this relationship (e.g., Arthur, 1994; Huselid, 1995 as cited (in 2, 5, 28). Researchers in the field still require a theory about HRM, a theory about performance, and how they are linked. A review of progress and a study of theoretical lens adopted to study such relationship is therefore timely and fresh.

Since the introduction of the term HRM in the 1980's, there have been debates about the meaning and conceptualization of HRM. Academics in the field of HRM seem to have their own way of defining and operationalizing HRM (12, 29-30).

An extensive review study by Boselie, Dietz and Boon (12, 32) based on 104 articles highlights the confusing picture regarding what constitutes HRM. The authors not only examined which HRM practices or principles were used in the different studies (in total 26 were distinguished). These 26 HR practices include training, contingent pay and rewards, performance management, recruitment, team working, direct participation, good wages, communication, internal promotion, job design, autonomy, employment security, benefits,



formal procedures, HR planning, financial participation, symbolic egalitarianism, attitude survey, Indirect participation, diversity and equal opportunities, job analysis, socialization, family-friendly policies, exit management (33-35, 38).

CONCLUSION

Consistent with both strategic HRM theory and some of the previous empirical work, it makes more sense that HR systems and High-performance work systems(HPWSs) also know as evidence based management practices can improve health care outcomes in hospital settings (1,5,12). This is well illustrated in health care organizations where the centrality of employee performance and organizational factors has been recognized in Europe and other developed nations than developing countries.

People and their performance are key to an organization's effectiveness. Literature on management studies, organizational sociology, HRM and health services reported that the organizational structure and strategic HR practices operate to influence employee abilities, motivation, and opportunities (AMO) to contribute to the improvement of employee performance(4, 34). Key to improve employee performance is aligning the organizational structure and strategy with managerial practices .

The studies also explored the theoretical frameworks that were used in the articles under review. The results of this analysis show that three dominant theoretical frameworks can be distinguished within the HRM field, namely the contingency framework, the resource based view and the 'AMO' theory.

Scholars (14,28) contend that in the HR field different types of outcomes are relevant and they make a distinction between three types: (1) financial outcomes (e.g. profits, sales, return on invested capital), (2) organizational outcomes (e.g. product and service quality, innovation, effectiveness), and (3) HR-related outcomes (e.g. attitudinal, cognitive and behavioural outcomes among employees).

In conclusion, many writers who do research on the strategic HRM perspective suggest that organizations can use high performance or high commitment work practices to drive organizational performance (12, 35). This claim is now supported by a large pile of



empirical evidences (18, 23, 36). While other scholars (37) added that models describing the HR-performance linkage have advanced from rather simplistic models, linking HR practices directly to rather distant indicators of (financial) performance, to far more sophisticated ways of thinking about the relationship between HRM and performance (28, 39-40).

It is observed by this writer that there is a need for more contextualized and systems approach driven theoretical model of HRM and healthcare to guide analysis of the correlation between strategic HRM and performances at micro and macro levels of service organizations, including hospitals.

The study shown disparities in the concepts and treatment of HRM practices and performance, but also some commonalities that show guidance on how to best undertake future research on the link between management practices, micro (individual) and macro (organizational) performance in promoting quality of health care. Future studies need to focus on developing broad and use systems approach of assessing the structural and process dimensions and apply comprehensive model (e.g. combination of HRM - Performance model and job demands - resource model) to analyze the correlation between HRM and performance in healthcare industry.

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