

# EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEES PERFORMANCE IN PUBLIC HOSPITALS IN KENYA, A CASE OF LAMU COUNTY

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**Abstract:** The general objective of this study was to find out the effect of human resource management practices on employee's performance in public hospitals in Kenya, with a case study of Nairobi County. The study has four specific research objectives: to establish the effects of HR planning on employee's performance in public hospitals in Kenya; to find out the effects of recruitment and selection on employee's performance in public hospitals in Kenya; to determine the effects of training and development on employee's performance in public hospitals in Kenya and finally to examine the effects of reward system on employee's performance in public hospitals in Kenya. This study was descriptive in nature and the researcher will use case study method. The study will be undertaken at Nairobi County. The use of 150 respondents in the study will be justified as it was in line with the recommendations of Mugenda and Mugenda (2009) who indicated that a descriptive study should include at least 30% of the total population. The researcher used questionnaires and secondary data as the research instrument to gather the relevant information needed related to the study. The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study. The data collected was analyzed using quantitative methods, applying descriptive statistical methods to manipulate it and present the findings in percentages in figures and tables. The study concluded that HR planning had a significant and positive influence on the employee's performance. This implies that a strong human resource planning can enhance employees performing up to the standards envisioned in the organization plan. The study further concluded that recruitment and selection had significant and a positive impact on the employee performance. This implies that for every unit increase in recruitment and selection increases staff performance. The study also established that training and development had significant and a positive effect on staff Performance. These results indicate that the training and development programs was effective in influencing staff Performance. Finally, the study concluded reward system has a significant and a positive influence on the employee Performance. This result indicates that strong reward system is effective enough to enable the improvement in employee performance. It is recommended that the public hospitals in the country should plan well for their future human resource needs in order to mitigate any negative impacts as a result of demographics, government priorities and competency requirements. The study also recommends that the recruitment and selection process should be objective as much as possible in the public hospitals. Job specifications should, therefore, be developed and strictly adhered to during the recruitment and selection process. There is also need to have interview panels in the public hospitals that are professional and not biased. Public hospitals in the country should, therefore, look for better ways of vetting these panels in order to ascertain their integrity. It is also recommended that the public hospitals in Kenya invest in their human capital through constant training and development, since this will empower employees and enhance their sense of attachment to the business. The study finally recommends that public hospitals in Kenya should improve the reward treatment of its employees. It should improve the overall salary packages of employees. The study further recommends that the management should recognize the right kind of incentive to their staff so that the employees get highly motivated to put their best effort towards completing their jobs.

**Keywords:** HR planning, recruitment and selection, training & development and reward system.

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## 1. INTRODUCTION

Human resources are considered the most important asset of an organization, but very few organizations are able to fully harness its potential. Ackah, (2014), define a human resource system “as a set of distinct but interacted at attracting, developing, and maintaining a firm’s human resources”. Traditionally, management of this system has gained more attention from the manufacturing organization than from service organizations. However, to enhance organizational performance effectively, managing this system is equally important in both types of organizations (Alam,2015).Needless to say, sophisticated technologies and innovative alone can do very little to enhance employees performance unless the requisite best human resource management practices are in place to form a consistent socio-technical system. For this reason, public hospital organizations need to carefully evaluate their existing practices and modify them, if needed, so that employees can effectively contribute to operational performance improvement (Amin, & Abu, 2010)

## 2. STATEMENT OF THE PROBLEM

In order to enhance performance organizations have to obtain and utilize human resources effectively. Organizations therefore need to design their human resources in ways that fit into the organization’s structure as this it will make the organizations achieve their goals and objectives Bulla, (2016). Over the decades concerns have been raised about the poor quality of rendered in public institution in Kenya (Akacho, 2014). Among the key issues and challenges facing public institutions in Kenya, include: poor governance leading to embezzlement of funds; a large number of officially authorized and institutional frameworks that produce numerous reporting and answerability lines weak institutional and human resource ability to draw and maintain the skillfulness that is required to propel performance also included is an insufficient structure on performance management (Kiiru, 2015). World Bank survey report (2015) clearly indicated that majority there has been laxity in attendance, and poor patient relations in the public hospital in Kenya. Current experience in these facilities revealed a slow pace of service delivery, arrogance and discrimination in Public Hospitals which was not witnessed in other categories of the hospitals. A delay in offering services, frequent disputes between management and staff in relation to delayed payment of dues, inadequate working equipment and poor work environment formed part of disruptions of service delivery (Omondi, 2016). Over the last five years of devolution, more than 86% of employees in public hospitals in Kenya have experience lot of challenges including frequent strike and employee turnover. This has called the management in the hospital in conjunction with the county government to review the human resource management practices as a strategy to cub the existing problem.

Various studies have been conducted on Human resource management practices. However the research has focused on the effect of HRMP on performance of the whole organization. Wan (2002) in a study on Strategic Human Resource Management and Organizational Performance. Dimba and K’Óbonyo (2009) in their study wanted to establish whether the effect of human resource management practices on organizational performance is direct or indirect, whether employee cultural orientations moderated the relationship between strategic human resource practices or whether the moderation was through employee motivation. Kepha (2014) conducted a study on the influence of human resource management practices on the performance of employees in research institutes in Kenya. Mbugua (2014) conducted a descriptive survey research design on employee’s perception of the influence of human resource management practices on performance of Kengen. Kazira (2014) also did a descriptive research to analyses the relationship between human resource management practice and employee commitment in the retail banking at Standard Chartered Bank (Kenya). The existing studies have failed to focus on HRMP influence performance of employees in the public institutions. Therefore this study aimed at bridging the existing gap by focusing on the effect of human resource management practices on employees performance in public hospitals in Kenya, with a case study of Lamu County.

## 3. OBJECTIVES

1. To establish how HR planning affect employee’s performance in public hospitals in Kenya.
2. To find out the effects of recruitment and selection on employee’s performance in public hospitals in Kenya.
3. To determine how training and development affect employee’s performance in public hospitals in Kenya.
4. To examine the effects of reward system on employee’s performance in public hospitals in Kenya.

#### 4. THEORETICAL REVIEW

##### **Kaplan Theory**

According to Kaplan (2002) human resource planning transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements among employees, but helps planners identify what should be done and measured. It enables employees to truly execute their strategies. Human resource planning provides a clear prescription as to what organizations should measure their employee performance in order to 'balance' the performance perspective. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, it transforms strategic planning from an academic exercise into the nerve center of an enterprise. Kaplan and Norton described the human resource planning as follows: internal business processes perspective. Metrics based on this perspective allow the employees to know how well their business is running, and whether its products and services conform to customer requirements. These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants (Kaplan, 2002).

##### **Resource-Based Theory**

This theory was proposed by Wernerfelt in 1984. Resources are inputs into a firm's production process, such as capital, equipment, skills of individual employees, patents, finance, and talented managers. Resources are either tangible or intangible in nature. With increasing effectiveness, the set of resources available to the firm tends to become larger. Individual resources may not yield to a competitive advantage. It is through the synergistic combination and integration of sets of resources that competitive advantages are formed. The Resource-based Theory (RBT) is a strategic management theory that is widely used in project management. It examines how resources can drive competitive advantage (Killen et al., 2012). The RBT has become one of the most influential strategic management theories cited in strategic management literature due to its immediate face validity, appealing core message, and ease to grasp and teach (Kraaijenbrink et al., 2010). However, these advantages don't come without criticism.

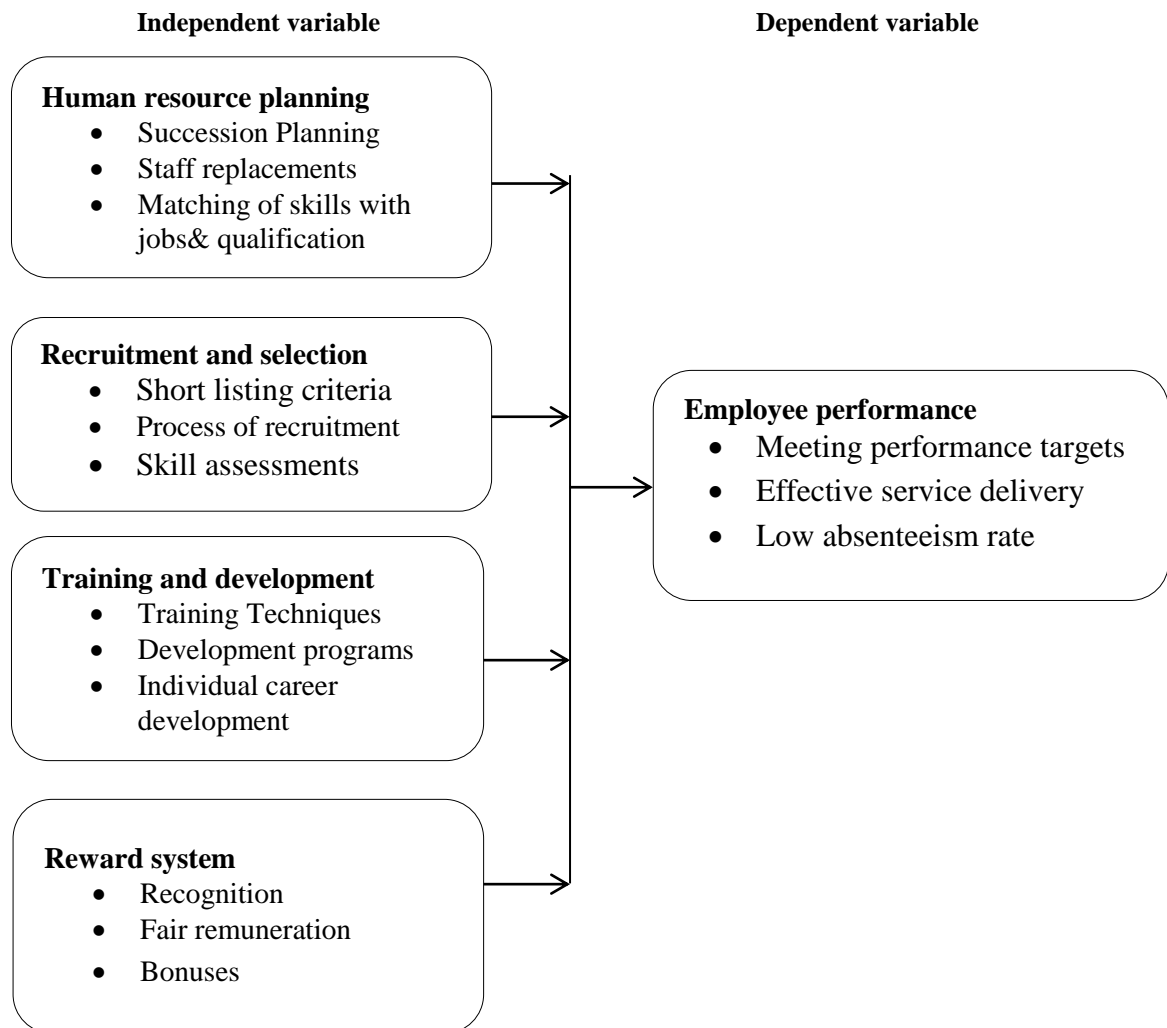
##### **Human Capital Theory**

Human Capital Theory is the most influential economic theory of Western education, setting the framework of government policies since the early 1960s. It is seen increasingly as a key determinant of employee performance. A key strategy in determining employee performance has been to employ a conception of individuals as human capital and various economic metaphors such as technological change, research, innovation, productivity, education, and "competitiveness." Economic considerations per se in the past, however, have not determined education. In modern Human Capital Theory all human behavior is based on the economic self-interest of individuals operating within freely competitive markets (Boldizzom, 2008)

##### **Abraham Maslow's hierarchy of needs theory**

According to Maslow (1954), five basic constructs from the human hierarchy of needs. There are physiological needs, security needs, belonging needs, esteem needs and self-actualization needs. Maslow's conceptualization of needs is represented by a triangle with five levels which he called the Hierarchy of Needs. Maslow stated that lower level needs must be satisfied before the next level. Maslow said that, higher level needs like those for self-esteem or self-actualization would not become salient (even when unfulfilled) until lower needs were satisfied. If Maslow's theory is true, there are some very important leadership implications to enhance workplace motivation. These are staff motivation opportunities by motivating each employee through their style of management, compensation plans, role definition, and company activities.

## 5. CONCEPTUAL FRAMEWORK



## 6. HR PLANNING

### Research gaps

Based on the available literature, a gap does exist in the area of study. Most researchers have concentrated their studies on the role of HRM practices on organizational performance. Mutua *et.al* (2012) conducted studies on the role of HRM practices on the performance of financial co-operatives based in Nairobi County. Their recommendations focused on coming up with appropriate measures aimed at improving organizational productivity. Kidombo *et.al* (2012) conducted studies to establish the role of HRM practices on the performance of key manufacturing firms in Kenya. Their studies failed to focus on how HRM practices can improve employee performance. Studies by Monipally (2004), McQuail and Windhahl (2006), Ludow and Panton (2007) explains the role and various forms of HRM practices that can improve organizational performance. Although there is great emphasis on the importance of HRM practices, the study does not explain how HRM practices can improve employee performance. In his study on the role of effective HRM practices, Mohan (2008) emphasizes on the importance of HRM practices on organizational performance.

### Research methodology

Descriptive study design was adopted in the research process for it is concerned with describing the characteristics of a particular individual, or of a group. The target population of this study comprised of both managerial and employees of public hospitals in Lamu County. 1500 employee were selected from those public hospitals to form a target population. Taking into consideration variables such as homogeneity in the data, and the experiences of other researchers

(Bierstaker *et al.*, 2009), this study utilized a sample size of 150. The use of 150 respondents in the study was justified as it was in line with the recommendations of Mugenda and Mugenda (2009) who indicated that a descriptive study should include at least 10-30% of the total population. The researcher used questionnaires and secondary data as the research instrument to gather the relevant information needed related to the study. For this research both primary and secondary data collecting methods were used. Primary data was collected through the administration of questionnaires to the public hospitals. The study was carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study. The information gathered from the respondents was of a qualitative and quantitative nature. The data was summarized and then analyzed by the use of descriptive statistics comprising of tables, graphs and percentages. Analysis of data used multiple regressions to test the research questions.

### Model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where,

Where,

Y = Employee's performance

X1: HR planning

X2: Recruitment & selection

X3: Training & development

X4: Reward system

$\beta_0$  = Constant

$\beta_i$  = Regression coefficients for the respective independent variables

$\varepsilon$  = Error term

## 7. RESULTS

### Regression Results

Table 4.1 Coefficients

| Model                       | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.  |
|-----------------------------|-----------------------------|------------|---------------------------|--------|-------|
|                             | B                           | Std. Error | Beta                      |        |       |
| (Constant)                  | .017                        | .030       |                           | .000   | 1.000 |
| HR planning                 | .898                        | .048       | .799                      | 17.230 | .000  |
| 1 Recruitment and selection | .645                        | .060       | .195                      | 2.757  | .007  |
| Training and development    | .489                        | .063       | .000                      | .000   | 1.000 |
| Reward system               | .364                        | .043       | .000                      | .000   | 1.000 |

The results in Table 4.1 indicate that HR planning had a significant and positive influence on the employee's performance. This implies that a strong human resource planning can enhance employees performing up to the standards envisioned in the organization plan. Poor HR planning or lack of it in the organizations may result in huge costs and financial losses which in turn may affect employee performance.

Further, recruitment and selection had significant and a positive impact on the employee performance. This implies that for every unit increase in recruitment and selection increases staff performance. This implies that employee's productivity and high performance depends on the selection of the right person, which is also a pathway to reduced turnover.

Therefore, recruitment and selection are central to any management process and their failure can increase difficulties for any organization including an adverse effect on its profitability and inappropriate levels of staffing or skills.

Training and development had significant and a positive effect on staff Performance. These results indicate that the training and development programs was effective in influencing staff Performance. This has an implication that the organization that engages its employees in work related learning, professional courses and seminars stand the chance of minimizing the cases of absenteeism, staff turnover and grievance handling which in turn enhances performance of the staff. Commitment towards the organization is degraded if there is a perception of under handed methods in promotion activities. By investing in their human resources, organizations are not necessarily motivated by the humanitarian objective of maximizing employee welfare or happiness, but rather they do so as a means to increase their productivity, to become more adaptable to emerging opportunities in the market place or to enhance their reputation with key stakeholders.

Reward system had a significant and a positive influence on the employee Performance. This result indicates that strong reward system is effective enough to enable the improvement in employee performance. This has an implication that the promotion, good Basic Salary, Bonuses and Benefits minimize the cases of absenteeism, staff turnover and grievance handling which in turn enhances the performance of employees.

## 8. CONCLUSION

The study concluded that HR planning had a significant and positive influence on the employee's performance. This implies that a strong human resource planning can enhance employees performing up to the standards envisioned in the organization plan. Poor HR planning or lack of it in the organizations may result in huge costs and financial losses which in turn may affect employee performance. The study also that recruitment and selection had significant and a positive impact on the employee performance. This implies that for every unit increase in recruitment and selection increases staff performance. The study further established that training and development had significant and a positive effect on staff Performance. These results indicate that the training and development programs was effective in influencing staff Performance. The study finally concluded reward system has a significant and a positive influence on the employee Performance. This result indicates that strong reward system is effective enough to enable the improvement in employee performance.

### Suggestions for Further Research

This study mainly focused on the effect of human resource management practices on employee's performance in public hospitals in Kenya in context of Lamu County. However there in need for further research to be conducted on the effect of human resource management practices on employee's performance in other public hospitals in Kenya. Therefore, further research should be undertaken in the other sectors to investigate the other effect of management practices on employee's performance

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