

## Factors influencing Organizational Performance in Public Hospitals of Pakistan

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### ABSTRACT

This study pondered light on factors influencing organizational performance in South Punjab Hospitals. The purpose of this study was to check the organizational performance and the most significant factors that influence the performance in three districts public hospitals (Vehari, Lodhran, and Khanewal). The researcher used three factors of staff motivation, innovation, and management involvement to analyze the organizational performance in hospitals. This study gathered data from a sample of 90 employees in public hospitals. The results showed that there was a significant positive relationship among variables. The multiple regression results found that innovation and management level were strong significant predictors of organizational performance. However, staff motivation was not a significant predictor of organizational performance. Limitations and future directions were also discussed in this study.

**KEY WORDS:** Staff motivation, Innovation, Management involvement, Public hospitals, Pakistan

### INTRODUCTION

Hospital industry has become a highly competitive and speedily growing service industry around the world. The biggest challenge faced by hospital industry is to measure and retain the organizational performance. Hospitals are now crucial and an effective service system for the health and well-being of the public [30]. Organization demands to lie on employees in hospitals are increasing when the whole industry is restructuring, and reforming their reorganizations at national and regional level[27]. Therefore, in order to achieve the organization performance, there must be engagement of employees from all sides. It will not only allow better hospital patients but also less expensive care of patients.

Pakistan hospitals are facing serious issues in service delivery [24]. There are multiple reasons that contribute to these issues. This sector is bearing from fewer professionals including doctors and nurses[4]. Lack of medicine in hospitals, lack of involvement of employees in their job and spend time in other activities, and absence of management involvement to monitor and evaluation the system is affecting the organization performance [24]. Today administration of employees is a great challenge at organizational levels[27]. Therefore, human resources are well developed in association with the organizational goals and objectives[30]. Hence, success of the organizations depends on the quality of the employees that runs every day affairs of the organizations [25].

#### Objectives of the study

The objectives of this study are to: (1) observe the relationship between staff motivation and organizational performance; (2) examine the relationship between innovation and organizational performance; and (3) determine the relationship between management involvement and organizational performance.

#### Research questions

1. Is there any relationship between staff motivation and organizational performance?
2. Does innovation has a relationship with organizational performance?
3. Is there any relationship between management involvement and organizational performance?

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### **Rationale of the study**

Government of Pakistan has been struggling many ways since last decade to make public hospitals more performing. Still there are many failings and challenges which are currently faced by the Public hospitals. Most of the issues are poor administration, shortage of medicine, deficiency of assets, lack of staff, and more motivation in private practice of doctors [18]. These problems give further justification to perceive the issues with the performance of public hospitals. The research has noticed that there is potential research gap to identify the organizational performance in public hospitals.

### **Problem statement**

As now Pakistan is in progress to develop health services in government sector. Pakistan had launched the Pakistan's vision 2025 to provide better performance in the hospitals[20]. It means that this health sector will be failed if they are not taking the aspect of organizational performance seriously. The aim of this study is to inform policy makers about the drivers of organizational performance. In this study, the researcher identified factors that can improve performance of public hospitals. Three factors are focused namely staff motivation, innovation, and management involvement to fill the gaps in the public hospitals that have not yet been studied, within context of hospitals' staff in South Punjab, Pakistan.

### **Significance of the study**

This study is significant in achieving experience and develops more knowledge to identify the strength and weakness of the public hospitals. Public hospitals can get some benefits to improve their performance level for the future. In addition to it can help the organization to ensure the employee motivation and friendly policy to increase performance.

## **REVIEW OF LITERATURE**

### **Organizational Performance**

Organizational performance is a central and fundamental feature that should be focused in details. It is a frequent processes that attended by the organization in order to guarantee the performance of the organization is still succeeding and growing [15]. Organizations performance is a process to increase the effectiveness of an organization and the goodness of its employees through intended planned [7]. Other study said that organizational performance is the outcome that reflects the organization efficiencies or effectiveness in terms of company image or financial performance [17]. Faiz (2015) reported that organizations should estimate their internal and external factors which supports in getting the viable advantage and enhanced performance. Thus, with the purpose of improved organizational performance and sustainable dynamic advantage, it is essential for the organizations to be market-oriented, well positioned and should develop the strong organizational culture [3]. Governments in low income countries have hunted ways for the early decades to make their public hospitals more performing. A comparative study in two provinces of Pakistan resulted that Punjab hospitals are less in human resource management, less in revenue generation and less in negotiating with professionals [11].

### **Relationship between Staff Motivation and Organizational Performance**

Motivation is a fundamental mental process that provokes, strengthens, and directs behaviour and performance. It is a process of inspiring employees to utilize effective motivation, which makes them more satisfied and committed with their services. Similarly, Employee motivation is a tool that managers use in their strategies to excel effective job performance among employees in organizations [28-13]. Every organization wants to be successful in a highly competitive environment. Organizations of multicolour do struggle to retain the best employees, recognizing their work, and impact on the organizational performance[13]. Therefore, organizations should develop a positive and strong relationship with its employees and guide them to organizational objectives. Motivation is an essential for our continuation because when we have high motivation we will work well. A study determined motivation by goal directedness, human aspiration on free will, and sustained actions of individuals in relation to themselves and to the environment[26]. The first hypothesis of the study is:

H<sub>1</sub>: Staff Motivation is positively related with Organizational Performance.

### **Relationship between Innovation and Organizational Performance**

Innovation is an important function of organizations in getting a competitive advantage. Innovation refers to the accomplishment of a critical thought or behavior [22]. Organizations can perform into more innovative by

supporting their employees to produce new ideas in a knowledge-intensive setting [21]. The relationship between innovation and performance at different levels of aggregation has been the heart of attention in many studies in last decade [19]. Organizations always demonstrate higher organizational performance towards the new market transformation and innovations [6]. Pakistan is one of the developing countries and moving forward to become a developed country to achieve the Pakistan's Vision 2025. Having said Pakistan's aim of becoming a developed country and a high income economy by the year 2025 can be transformed by highlighting greater performance via innovation [20]. Thus if every employee works optimistically in the direction of the organizational goals then it will direct to innovation and boost performance [10]. The second hypothesis of the study is:

H<sub>2</sub>: Innovation is positively related with Organizational Performance.

#### **Relationship between Management Involvement and Organizational Performance**

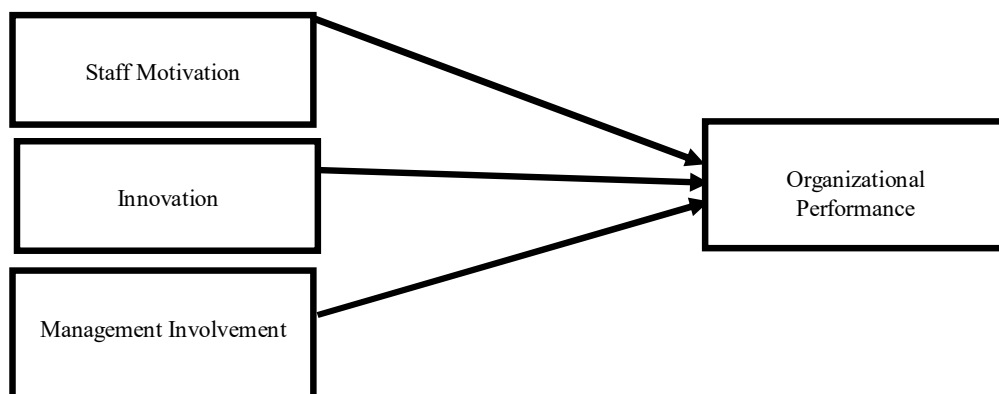
The concept of management involvement was first used by Ed Lawler for an access to management inside on employee involvement. It involves empowering employees with opportunities to make decisions about accomplish of their jobs and to contribute in the organizational performance. A high involvement management practice or engagement is a significant success factor for the organization performance in recent decade [2]. Management involvement consists of practices like indulge employees in performance based work; solve critical problems, training for development, rewards, and empowerment. Presently many organizations including, government sectors, universities, non-profit organizations and other firms think that employee involvement and contribution are crucial to the better organization performance [8]. In a resource based view of an organization a high involvement of management practices are thought to develop diverse capabilities in the workers which is important to superior firm performance [23]. The management should not only participate actively in making physical environment of the job place and making it appropriate for employees, but also changing characteristics like commitment, behaviour, interpersonal relations, ethics, and professionalism in employees for the better both [9]. The third hypothesis of the study is:

H<sub>3</sub>: Management Involvement is positively related with Organizational Performance.

#### **Underpinning Theory**

In this study, the supporting theory of Resource-Based View is used to relate the relationship between (staff motivation, innovation, and management involvement) and organizational performance. This theory is helpful to find the organization resources in order to get the competitive advantage. It is unique or costly to copy resources that can create competitive advantage. For example physical, technological, intangible, financial, and human can be the resource for competitive advantage. In this study staff motivation, innovation, and management involvement will be the resources to enhance the organizational performance.

#### **Research Framework**



#### **METHODOLOGY**

This is an exploratory research study. A correlation analysis was performed to estimate variables relationship. These factors later were also analyzed to find their significant influence on dependent variable. Primary data was gathered from the survey questionnaires to the respondents in three district hospitals of South Punjab. The questionnaires

were adopted and adapted of Arnold (1985) for staff motivation, (De Jong et al., 2008) for innovation, and The Eight Universal Management (2002) for management involvement to collect the data [5][12][30]. Convenient sampling technique was used to select sample of 90 staff members because there were difficulties for researcher to get more respondents due to employees work in shift. Five point Likert scale 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=strongly Agree was used in this study. Results were explained and discussed of hypothesis tested.

## Analysis

**Table 1 Analysis of Respondents**

Demographic	Classification	Frequency	Percentage (%)
Gender	Male	54	60
	Female	36	40
Age	Less than 20	15	16.7
	20-29	22	24.4
	30-39	34	37.8
	More than 39	19	21.1
Designation	Medical Officer	16	17.8
	Nurses	33	36.7
	Medical Technician	21	23.3
	L.H.V	9	10.0
	Dispenser	4	4.4
	Administration Staff	7	7.8

**Table 2 Descriptive statistics, Reliabilities and Pearson Correlation of Variables**

Variable	Mean	Standard Deviation	$\alpha$	1	2	3	4
1. Staff Motivation	3.18	.81	.71	1	.736**	.324**	.213**
2. Innovation	3.32	.65	.75		1	.518**	.487**
3. Management Involvement	3.49	.52	.88			1	.749**
4. Organizational Performance	3.94	.68	.70				1

\*\* Significant Correlation at the  $p < 0.01$  level (2-tailed).

**Table 3 Multiple Regression Analysis**

Variables	Beta	Sig.
Staff Motivation	-.082	.233
Innovation	.231	.014
Management Involvement	.267	.000
R <sup>2</sup>	.475	
Adjusted R <sup>2</sup>	.456	
F value	23.561	
P value	.000	

\* $p < .05$ , \*\* $p < .01$

## RESULTS AND DISCUSSION

Table 1 reports that (54) 60% of the respondents are male and remaining (36) 40% are female. In terms of age group of 30-39 years old are the highest participants in this study. For designation of respondents the 33 (36.7%) nurses participation maximum in this survey data collection. Similarly in table 2 management level has the highest mean = 3.49 with standard deviation = .52. Likewise the lowest mean in this study is staff motivation with (mean = 3.18, S.D = .81). The reliability shows in table 2 of all variables above 0.7 which means that all the variables are reliable. From table 2 correlation value of staff motivation is  $r = 0.213$  which means that there is low positive correlation between staff motivation and organizational performance. Innovation has moderate positive correlation ( $r = .487$ ) with organizational performance. While management level has high positive correlation with value  $r = 0.749$ . The R square value .475 (47.5%) shows variation in organizational performance is due to variation in independent variables. It means that there is need to add more drivers of 52.5 % for explanation of organizational performance.

The model is fit as P value is 0.000, with F value of 23.561. Staff motivation has ( $\beta = -.082$ ) and insignificant, so our first hypothesis is rejected. The next Innovation has ( $\beta = .231$ ) and significant value less than .05. Therefore our second hypothesis is accepted. Finally management level has ( $\beta = .267$ ) and significant. Therefore this study conclude that hypotheses  $H_1$  is rejected and ( $H_2, H_3$ ) are accepted for this study research.

The current study examined that there is insignificant relationship of staff motivation with organizational performance. Similar finding of Sharipah (2011) supports this study that employee motivate mainly by their on job needs for the long time, quality of work in which they are committed with the organization with consistent energy [16]. On the other hand previous study showed that the significant relationship between motivation and organizational performance [13]. This may cause that hospital employees have different perception about their job according to their needs. Next innovation has significant and positive relationship with organizational performance. This is in line with previous study that innovation is strong predictor of organizational performance [1]. Finally the result shows the significant impact of management level on organizational performance. This result also supports with previous research [28]. As a result this study has proved the importance of management influence in hospitals' organizational performance. When management can share their planned and objectives with staff then it can expand sense of belongingness. As a result it can influence the productivity and performance of the organization.

### Limitation of the study

This study had some restrictions because data was collected only from three districts' hospitals. This is clear limitation regarding the generality of the findings. Secondly, the data was collected by survey questionnaires only. A series of interview should also be arranged to get more information because it can affect the results of this study indirectly.

### Recommendation for future research

This study can be extended to other industries with the same factors and make comparison of findings such as between public and private hospitals. Further, develop more factors that can influence hospital performance like human resource management practices.

### Conclusion

The three factors had shown that staff motivation, innovation, and management level are affecting the organizational performance. These factors explained that the model was moderate satisfactory. Among all the three variables the innovation and management level is found to be the stronger independent variable that influencing organizational performance in public hospitals. Briefly, this study has answered successfully all the research questions.

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