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An empirical investigation of human resource practices: A study of autonomous medical institution employees in Punjab, Pakistan

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There is scant research on the relationship between human resource (HR) practices and employee performance in healthcare settings. This study examines the relationship between HR practices and perceived employee performance in the health sector of Pakistan. The HR practices discussed in this study are compensation, performance appraisal, employee relations, job security, promotion, employee participation and pension fund. Furthermore, satisfaction with HR practices is a moderating variable between employee performance and HR practices. Data are collected from 220 employees of autonomous medical institutions of Pakistan (Punjab) through questionnaires. Respondents include top, middle and lower level employees of the Institutions/Hospitals. The results indicate that performance of health sector employees is affected by the compensation, employee relations, job security, promotion, and pension. However, the employee participation and performance appraisal have no significant impact on the employee performance. The study also specifies that satisfaction with HR practices is a moderating variable between HR practices and perceived employee performance.

Key words: Health sector, human resource (HR) practices, autonomous medical institution, perceived employee performance, Pakistan.

INTRODUCTION

Employees are assets for any organization, whether a public or private organization. The success of the any organization solely depends on the performance of the employees. The literature across the world shifted priority from capital, labor and land to human intellect, skills and expertise for better economic results. The highly competitive market and continuously rising scarcity of resource demand extraordinary human skills for efficient utilization of the resources. Performance is basically a process that organizations use to make sure their employees are in a position to produce the standard/quality products or offer the services as per the requirement of the organization. Ingraham and Kneeder (2000) argues that government actions are typically more personnel intensive, and therefore human resource (HR) practices are very much important to improve the

services offered by the public sector. Pfeffer (1996) argues that if we want to achieve the objectives of the organization, it can be achieved through devotion, dedication or willingness of the employees. Thus, if we want to increase the performance of the organization we should focus on our employees because if employee works effectively and efficiently the performance of the organization will also increase. Particularly the public organizations are judged on the basis of the performance of their human resources. Employee skills, employee motivation, and work design are frequently affected by HR practices (Becke et al., 1999). Moreover, HR practices influence the employees' creativity, efficiency, and unrestricted conduct. These variables, in turn, result in enhanced outfitted performance, which relates to fertility and augmentation, eventually determining an organization's market significance. Many researchers argue that HR practices are positively linked with the employee performance (Guest, 2002; Harley, 2002; Gould-Williams, 2003; Park et al., 2003; Wright et al., 2003; Tessema and Soeters, 2006). The productivity and

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quality of goods/ services can be increased with the help of HR practices (Gould-Williams, 2003). An increase in productivity and the improvement of service quality affect organizational performance which leads to high employee performance. Delery and Doty (1996) observed that there is a significant relationship between financial performance and HR practices in an organization. Youndt et al. (1996) explored certain combination of HR practices in manufacturing firms, and observed that these combinations of HR practices were closely related to operational performance. In addition, Khan (2010) argues that organizational performance can be increased with the help of HR practices. Above four studies argue that organizational performance is increased with the HR practice. The HR practices apply to the employees because when employee performance increases, the organizational performance also increases.

Most of the studies conducted on HR practices have specific focus on the developed nations. In developing countries like Pakistan, scant research is conducted with particular focus on the relation between HR practices and employee performance in the public sector. Legge (1998) argued that no consideration was given to HR practices in the public sector organizations. In the area of human resource management (HRM), Aycan et al. (2000) stated that Pakistan is an 'under-researched' country. Khatri (2001) argues that the HR manager cannot use blindly those HR practices which are very successful in some other organizations because the given practices are not universally successful throughout the organizations. It means that it varies from culture to culture, region to region and organization to organization. In Pakistan, due to weak HR mechanisms, there was a strike by doctors in Punjab that continued for 36 days until their proposal was accepted. Kazmi (2011) argues that doctors are not satisfied with their compensation, promotion policy and job security etc. Due to the strike, most of the patients were forced to go to private clinics and hospitals to get medical treatment. But the poor have to continue waiting for their turn in the already crowded medical camps. There were 500 deaths of patients due to closure of 60% of the clinics and absence of doctors, which shows a great inefficiency of the administration and government (Kazmi, 2011). Health sector is a major sector of Government of Pakistan. In the year 2011 to 2012, the Government of Pakistan announced Rs15 Billion budget, and Government of Punjab also announced Rs16.3 Billion budget for the health sector. Although the health sector consumes major part of the national budget yet no study has been conducted to measure the employee performance in the health sector with respect to HR practices thereon. The Government of Pakistan is very keen on improving the level of health facilities in this sector. Mostly, the decisions are made on the basis of past experience to solve any burning issue due to little research available in developing countries. The decision making on such orthodox basis is not an effective way to

solve the contemporary issues. As Soni (2004) stated that Public sector should focus on the HR issue instead of relying on the past approaches to resolve the latest issues.

Due to less awareness of the best human resource practices, the health sector of Punjab has been uncompetitive and underutilized in the world market. What are the best HR practices that can improve the performance in public health sector is the question that demands comprehensive research for answer. Thus there is a need to examine the relations between HR practices and employee performance in health sector that would lead to a better understanding of organizational performances as well as to assess the HR practices in developing countries like Pakistan as compared to the developed nations. The major implication of this study is to assist the higher authorities in Health Sector in Pakistan to follow those HR practices that can improve the performance of the health department.

LITERATURE REVIEW

Employee performance can be tested through an assortment of HR practices. There are already many types of studies carried out to link the HR practices with employee performance. Prefeer (1994) stated that there are sixteen HR practices that attain the highest /maximum performance. Huselid (1995) stated that due to the high performance work practices the financial performance of the organization also increases because of low turnover of employee and increases productivity of the employees. Most of the researchers have also stated that HR practices have the greatest impact on employee performance as compared to individual practices when working separately (Arthur, 1994; Baron and Kreps, 1999; Huselid, 1995; MacDuffie, 1994). Sels et al. (2006) also argues that there is a considerable relationship between Employee outcomes and HR practices. Pfeffer (1994) stated that there are sixteen HR practices that increase the employee performance, that is, employment security, pay, employee participation, recruitment, employee ownership, job design, high wage, training and promotion etc. Ichniowski (1995) while conducting the study of steel worker argued that the employee performance is better if there is proper pay plan, flexible job design, extensive screening, communication, job security and training. Huselid (1995) in his study focuses on eleven HRM practices. Delery and doty (1996) indicates seven HR factors that increase the performance, that is, internal career opportunities, training, appraisals, profit sharing plan, employment security, job defined and participation of employees. Horgan and Mohalu (2006) stated that higher employee performance is linked with the HR system.

Teseema and Soeters (2006) while conducting the research on HR practices, focus on eight HR practices to

find out their relationship with perceived employee performance. These HR practices include training practices, recruitment and selection practices compensation practices, placement practices, employee performance evaluation, promotion practices, grievance procedure practices and pension or social security. Perceived employees performance is dependent on number of HR practices. All these issues cannot be explored. Therefore this paper only examines the impact of compensation practices, promotion, employee participation, performance evaluation, job security, employee relations and pension programs on the perceived employee performance in the public health sector of Punjab, Pakistan. The focus of this study is autonomous medical institutions/special institution of health Sector of Pakistan (Punjab).

Compensation

Many researchers argued that incentive based compensation has a great effect on organizational performance (Gerhart and Milkovich, 1992; Milkovich and Boudreau, 1998; Gomez-Mejia, Balkin and Cardy, 1998). Singh (2004) argues that there are lots of methods with the help of which the firms can motivate their employees and achieve the specific goals and objectives of the firm. The performance based compensation is one of the best methods. There are some empirical evidences that there is positive correlation between compensation and performance (Gneezy and Rustichini, 2000; Gardner et al., 2004). Ichniowski et al. (1997) stated that incentive pay packages greatly affect the performance of workers combined with some other HR practices. Wright et al. (2003) is of the view that if there is a proper compensation system in accordance with employee performance, the employees will make concrete efforts to complete their tasks. Frye (2004) argues that there is a positive relation between firm performance and equity based compensation. He argued that in human capital intensive firm the compensation plays a very important role to attract and retain the skilled employees. Many researchers established a positive relation between compensation and employee performance (Marwat et al., 2009; Bashir and Khattak, 2008; Teseema and Soeters, 2006). In view of aforementioned literature and opinion the following hypothesis can be formulated:

H₁: Compensation practices have direct impact on perceived employee performance.

Promotion practices

Guest (2002) stated that if vacancies were filled within the organization it will be highly correlated with worker satisfaction. The employee performance is increased if there is well established system of HR practices including

merit based promotion in any organization (Park et al., 2003). Teseema and Soeters (2006) in his study argued that there is considerably positive correlation between perceived employee performance and promotion practices. However he used HR outcomes as mediating variable. Bashir and Khattak (2008) also argued that there is significantly positive relation between promotion and employee performance because the Pakistan is a poor country and employee are more concerned with those HR practices that increase their earning. In view of aforementioned literature and opinion the following hypothesis can be formulated:

H₂: Promotion practices have direct impact on perceived employee performance.

Performance evaluation practices

Brown and Benson (2003) argued that the employee commitment and output can be increased with the help of performance appraisal system. Performance appraisal is a process through which workers are monitored and it is also a management tool to enhance the output and workers' performance (Brown and Heywood, 2005). Teseema and Soeters (2006) used the eight HR practices and; Huselid (1995) used the eleven HR practices where performance evaluation practice is one of the variables. Both researchers argued that there is positive relation between performance evaluation and employee performance. Marwat et al. (2009) also argued that there is positive association between performance evaluation and employee performance. In view of aforementioned literature and opinion the following hypothesis can be formulated:

H₃: Performance evaluation practices have direct impact on perceived employee performance.

Job security

Abegglen (1958) argued that there is a high level of commitment if there is job security during the study of Japanese workers. Many researchers argue that job insecurity decreases the performance of the employee. (Bolt, 1983; Rosow and Zager, 1985). Fey et al. (1999) argue that if the companies provide the job security to the employees, it motivates the employee to become more committed with his work. If any employer shows with his work and attitude that the employee is no more needed in this organization then there is no commitment, no loyalty and no extra work will be performed by the employee. Delery and Doty (1996) argue that there is constructive relation among job security and firm performance when they conducted the study of banking sector. They also stated that if there is job security it sends a message to the employees that organization is committed with its employees. The authors attribute the high level of job

commitment when job is secure and employees are concerned with the long term success of the organization. Delery and Doty (1996) also argued that the return on assets also increases when there is employment security of the loan officer. Rosenblatt and Ruvio (1996) argue that job security has a positive effect on organizational commitment and employee performance. In view of above literature and opinion the following hypothesis can be formulated:

H₄: Job security has direct impact on perceived employee performance.

Employee participation

Many studies argued that employee participation positively affects the employee productivity, performance as well as the satisfaction level of the employees (Wagner, 1994; Pfeffer, 1994; Verma, 1995). In the public sector the employee may involve in the purchase procedure or selection procedure. When any employee becomes the part of any type of decision making he feels that his work is good and seniors are satisfied with his work due to which he was selected to become the part of decision making and ultimately these feelings increase his performance level. Singh (2004) argues that employee participation has positive effect on firm performance. The firm performance is also linked with the employee performance. In view of aforementioned literature and opinion following hypothesis can be formulated:

H₅: Employee participation has direct impact on perceived employee performance.

Employee relationship

Yen and McKinney (1992) argue that supervision and managerial action have significant effect on employee performance and productivity. Padilla-Velez (1993) argues that with the help of employee relationship and socialization the employee performance can be increased and we can decrease the employee absenteeism. Firth et al. (2004) argues that if there is moral support in addition to self admiration by the manager it will increase the job satisfaction, commitment with organization and no intention to leave the organization. Okpara (2004) argues that with the help of proper supervision the satisfaction level of employees can be increased. Abeysekera (2007) suggested that if the manager noted a reduction in turnover, he should monitor the relationship between supervisors and subordinates. If the employees are satisfied, their performance would be increased and they would definitely have no plan to depart the firm. Thus his performance will increase. In view of aforementioned literature and opinion the following hypothesis can be formulated:

H₆: Employee relations have direct impact on perceived employee performance.

Pension or social security

When an employee has no source of regular income from any job, then the organization makes an arrangement for him to provide him pension facility. In the government sector, the employee is eligible to take pension when he has been in the service for up to 25 years (optional) or when he reaches the age of 60 years and has to retire. A retirement plan is the post-job benefits for the employees when they retire. Generally, employee and employer both contribute towards some retirement benefits like provident fund, employee old age benefit etc.; and on retirement, the retiring employee gets the benefits out of this contribution. Teseema and Soeters (2006) in their study argued that there is correlation between the pension programs and employee performance. There are not many literatures available on the pensions programs. However, on the basis of study conducted by Teseema and Soeters (2006) the following hypothesis can be formulated:

H₇: Pension programs have direct impact on perceived employee performance.

Satisfaction with HR practices

The relationship between HR practices and employee satisfaction has a great impact on organization commitment as compared to job characteristics (Ogilvie, 1986). Igalens and Roussel (1999) have argued that HR practices (promotion, pay and training) have positive relationship on employee satisfaction. Sokoya (2000) also stated that pay has a major impact on job satisfaction. Gould-William (2003) stated that when he conducted the study of local government organization in the United Kingdom (UK), it was observed that specific HR practices are highly correlated with the satisfaction and organizational performance. Okpara (2002) stated that promotion, pay, relationship and supervision affect the satisfaction of the employees. Nguyen et al. (2003) also argued that employee satisfaction is affected by the multiple issues such as promotion, pay, fringe benefits and job security. Many practitioners and scholars argue that HR practices increase the level of satisfaction and ultimately the performance of the organization is increased (Appelbaum, 2000).

Agarwala (2008) while conducting the study of manufacturing firms in India observed training practice is positively correlated with employee commitment. He conducted the survey from the 66 employees. Edgar and Geare (2005) scrutinized the impact of human resource management practices in the New Zealand and found that HR practices have a significant impact on

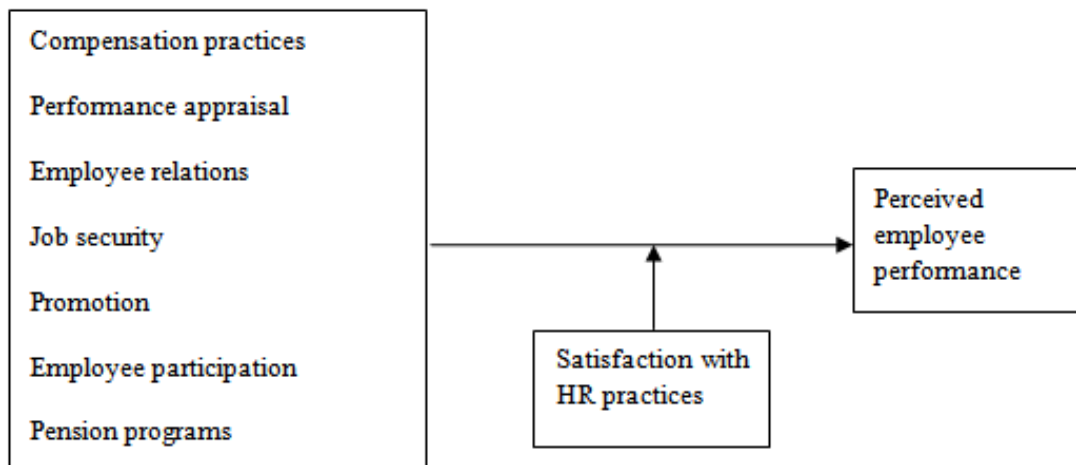


Figure 1. Semantic diagram.

satisfaction, and organizational commitment. Garrido et al. (2005) argued that different HR practices have a positive impact on employee satisfaction. Petrescu and Simmons (2008) argued that there are many HR practices that increase the employee satisfaction. In view of the aforementioned literature and opinion it can be assumed that satisfaction with HR practices moderates the relation between HR practices and perceived employee performance.

H₈: Satisfaction with HR moderates the relationship between HR practices and perceived employee performance. With the help of literature review the following semantic diagram is prepared which is shown in Figure 1.

Research question

Is HRM practice affecting the perceived employee performance in the public health sector of Pakistan?

METHODOLOGY

The questionnaire of Tessema and Soeters (2006), Singh (2004) and Abeysekera (2007) was used in this study. The questionnaire of Singh (2004) and Abeysekera (2007) was used for the variable employee participation and employee relations respectively and for the remaining variable the questionnaire of Tessema and Soeters (2006) was used. However, questions of job security and satisfaction were developed. The questionnaire was designed in English language as our target population is qualified personnel (doctors) which can easily understand such international language. The target population is the 15 autonomous medical institutions/ special medical institutions in Punjab (Pakistan). The questionnaire was the mixture of different questionnaires so it was necessary to check the reliability of the questionnaire. The reliability of the whole questionnaire is 0.85 which is quite satisfactory. The authors chose those HR practices in this study which directly and indirectly affect the earning capacity of employees. As Pakistan is a developing

country and the employees are more conscious about monetary benefits. So, those HR practices which affect their earning capacity have more importance for such people. The second reason is that, as Pakistan is a politically unstable country the employees are more concerned about the job security and pension program.

Five point Likert scales (Starting point: 1 = strongly disagree, 5 = strongly agree) was used for data collection. There were total 40 questions in the questionnaire and it took only 10 to 15 min of the respondents for filling it. 300 questionnaires were distributed in the month of April to June, 2011 in the autonomous medical institution of the health department in Punjab (Pakistan) and these were filled by the top management, middle management and lower level employees in the health department. The questionnaires were distributed to the respondents by using simple random sampling techniques. Haphazard sampling was used for data collection. The data was collected through personally administrated questionnaire. Out of 300 questionnaires, 220 were received back. Thus, the response rate was 73%.

Participants

The participants are principals, medical superintendents, professors, medical officers, pharmacists, registrars, directors of finance, budget and accounts officers and auditors and clerks, etc were randomly selected for filling the questionnaires in the autonomous medical institutions/ hospitals in public sector in all the Punjab. The demographics information are as shown in the Table 1.

Demographics

The demographics portion is showing the composition of the respondents but it is not a part of our analysis. As stated earlier, there are more respondents are male as compared to female. As Pakistan is basically a male dominated society, this phenomenon is true for almost all south Asian countries. The most of the respondents fall in the range of 24 to 35 years. Majority of the respondents hold the master degree because our target is the health sector where doctor hold the MBBS degree. The demographic portion also shows that 121 respondents have a more than 7 years experience which means the respondents have a better idea about the HR practices in the health sector. As we see from the above demographic portion, the respondents belong to

Table 1. Demographic information of the sample.

Particular	Range	Frequency	Percentage (%)	Cumulative Percentage
Gender	Male	173	78.6	78.6
	Female	47	21.4	21.4
	Total	220	100	100
Age (years)	18 - 23	5	2.3	2.3
	24 - 29	58	26.4	28.6
	30 - 35	57	25.9	54.5
	36 - 41	27	12.3	66.8
	42 - 47	29	13.2	80.0
	48 - 53	32	14.5	94.5
	Above 54	12	5.5	100.0
Education	Matirc / inter	39	17.7	17.7
	Graduation	49	22.3	40.0
	Master	125	56.8	96.8
	M. Phil / PhD	7	3.2	100.0
Job experience (years)	1 - 7	91	41.4	41.4
	8 - 14	51	23.2	64.5
	15 - 22	37	16.8	81.4
	Above 22	41	18.6	100.0
Nature of job	Permanent	157	71.4	71.4
	Contract / temporary	63	28.6	100.0

Table 2. Descriptive statistics of the variable.

Variable	N	Mean	Std. deviation
compensation	220	3.3218	0.62467
Performance appraisal	220	2.3712	0.50071
Employees relation	220	3.7409	0.81154
Job security	220	3.4455	0.91747
Promotion	220	3.8682	0.56742
Employees participation	220	1.9515	0.56776
Pension	220	3.3500	0.93156
Employee performance	220	3.8227	0.70900
Valid N (listwise)	220		

different age groups, different groups of experience, different educational level, and different natures of job which shows that this data is truly representing the whole of the population of health sector for the purpose of best analysis.

Statistical technique

Descriptive statistics, Pearson correlation, simple regression and regression for moderation were used to measure the impact of HR practices on Perceived Employees' Performance. To measure this relationship empirically the SPSS 16.0 (software) was used.

DESCRIPTIVE STATISTICS

Descriptive statistics given in Table 2 consists of mean and standard deviation of all HR practices that can increase the performance of the employees in the Health Sector. The mean scores of compensation practices, job security, and pension are 3.32, 3.44, and 3.35, respectively. These are very close to neutral (mid-point). The mean score of above three variables represents the respondents are neutral about these HR practices. The

Table 3. Correlation Matrix to find out the correlation between the variable.

Variable	PEP	Com	PA	ER	JS	Pro	EP	Pen
PEP	1							
Com	0.44**	1						
PA	0.13	0.27**	1					
ER	0.52**	0.46**	0.27**	1				
JS	0.46**	0.50**	0.16*	0.45**	1			
Pro	0.28**	0.23**	-0.048	0.233**	0.192**	1		
EP	0.11	0.1	0.04	0.16*	0.04	0.04	1	
Pen	0.44**	0.42**	0.265**	0.44**	0.58**	0.18**	0.14*	1

** . Correlation is significant at the level of 0.01; * . Correlation is significant at the level of 0.05.

PEP = Perceived employee performance, Com = compensation, PA = performance appraisal, ER = employee relation, JS = job security, Pro = Promotion, EP = Employee participation, Pen = Pension fund.

mean scores of promotion and employee relation are 3.87 and 3.74, respectively; meaning that the response on these HR practices, are close to agree. It means those employees are satisfied with these HR practices. The mean scores of performance appraisal and employee participation are 2.37 and 1.97, respectively. These are near to disagree. It means that people do not agree with these HR practices and dissatisfied.

Correlation analysis

The correlation matrix (Table 3) shows that the compensation has a significant relation with employee performance in the autonomous medical Institutions of Punjab the value of r is 0.44 (**), $p < 0.01$. These findings are also supported by the findings of Shahzad et al. (2008) and Teseema and Soeters' (2006) finding who establish the value of r is 0.38 (**), $p < 0.01$ and $r = 0.44$, $p < 0.01$, respectively. The correlations analysis also shows that there is significant relation between promotion and perceived employee performance the value of r is 0.28 (**), $p < 0.01$; these findings are also supported by the Teseema and Soeters (2006) and Shahzad et al. (2008) who found value 0.48 (**), $p < 0.01$; and $r = 0.56$, $p < 0.01$ respectively in their studies.

There is no significant relation between performance appraisal and perceived employee performance in the health sector. Contrary to our hypothesis the value is (0.11) and this finding does not match the findings of Teseema and Soeters (2006). The reason of insignificant relation is explained in the discussion analysis. Our next hypothesis is employee relation which shows that most significant result in our diagram is the value (0.52 (**), $p < 0.01$). So we accept our hypothesis. The job security also has a significant relation with perceived employee performance, as the value of r is (0.46 (**), $p < 0.01$) and these findings are also supported by Ichniowski et al. (1997) who argues that with the employment security the productivity of the employee is increased. The employee participation has no significant relation with the employee

performance. The r value is (0.11) and therefore we reject our hypothesis that employee participation has a positive impact on employee performance and our finding is against the finding of Marvat et al. (2009). We also accept our next hypotheses that pension has a significant relation with employee performance. The r value is 0.44 (**), $p < 0.01$; and these findings are also supported by the finding of Teseema and Soeters (2006).

Regression analysis

Regression analysis (Table 4) was also used to analyze the impact of HR practices on employee performance which also reinforces our finding as in the correlation analysis. HR practices overall represent the 38% variance in the employee performance. F value is significant at 0.000 which also verifies that 38% variance in the employee performance is due to the above variable. The regression analysis also shows that except performance appraisal and employee participation, all other variables have a significant impact on employee performance. The lower value of beta and t value in the performance appraisal and employee participation shows that these two variables have no significant impact on employee performance because these two variables are not properly considered in the health sector of Pakistan. Due to this the employee has no concern with these two variables. It is also observed that the employees are more concerned with those variables which have the monetary benefit as compared to any other variable. The above analysis shows that most of the HR practices which have a significant impact in the developing countries are not significant in the poor countries due to cultural, environmental, social and political factor.

Regression for moderation

For the purpose of testing the moderating variable, satisfaction with HR practices with reference to the HR

Table 4. Regression analysis to test the significance of model.

R	0.617		
R Square	0.381		
Adjusted R square	0.361		
Standard error of the estimate	0.56685		
F	18.659		
Sig.	0.000		
Independent variable	Beta	t-value	Sig.
(Constant)		2.976	0.003
compensation	0.149	2.221	0.027
performance appraisal	-0.051	-0.878	0.381
Employees relation	0.297	4.472	0.000
Job security	0.147	2.037	0.043
Promotion	0.116	2.045	0.042
Employee participation	0.020	0.370	0.712
Pension	0.152	2.169	0.031

Table 5. Regression for moderation.

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	0.613 ^a	0.376	0.370	0.56255
Model	Standardized coefficients beta		t	Sig.
1				
(Constant)			3.046	0.003
HR practices	0.365		4.232	0.000

a. Predictors: (Constant), HR practices.

Table 6. Regression for moderation.

Model	R	R square	Adjusted R square	Std. error of the estimate
1	0.657 ^b	0.423	0.414	0.52633
Model	Standardized coefficients beta		t	Sig.
1				
(Constant)			3.790	0.000
HR practices* HR satisfaction	0.334		3.871	0.000

b. Predictors: (Constant), HR practices* HR satisfaction.

practice and perceived employee performance, the authors used the regression (linear) and compared change R square. Table 5 shows that the model is significant at $P < 0.01$. The table shows that 37% change in the dependent variable (perceived employee performance) is due to the independent variable (HR practices). Beta value also illustrates the positive rate of change due to independent variable in the dependent variable (0.365) the value is significant at ($0.000 > 0.01$).

Table 6 shows that the model is significant at $P < 0.01$. The table shows that 41% change in the dependent variable (perceived employee performance) is due to the independent Variable (HR practices) and satisfaction with HR practices which is moderating variable. Beta value also illustrates the positive rate of change due to independent variable in the dependent variable (0.334) the value is significant at ($0.000 > 0.01$). Beta value also illustrates the positive rate of change due to moderating

variable in the dependent variable ($0.334 < 0.365$, result of Table 6). The value is significant at ($0.000 > 0.01$). Tables 5 and 6, show that the R square value is 37% when we do not use the moderating variable satisfaction with HR practices. But when we use the moderating value the R square value is greater which is 41%. Therefore the higher value of R square proved that the satisfaction with HR practices is a moderating variable but not so much significant.

DISCUSSION

The study was made to explore the consequence of HR practices in the health sector of Pakistan at public level. Unfortunately no study is available to observe the impact of HR practices on employee performance in the health sector of Pakistan. It means that HR managers in Pakistan are trying to enhance the employee performance in the health sector without any planning, research or analysis. The decisions are made on the basis of past experience which is a wrong practice as Soni (2004) stated that public sector should focus on the HR issue instead to rely on the past approaches to resolve the latest issues. It is also found that sometimes the HR practices are imposed on the employees who are successful in the developed nations without considering the environmental and social factor. The most important impact on employee performance is due to the employee relationship because in the public sector the employees are more secure in the job so it is better to develop the relation with seniors and juniors to increase the performance of the employees. The projected relationship between promotional practices and compensation explained a well-built and considerable relationship with the perceived performance of employee performance in the autonomous medical intuitions. Promotional practices and Compensation explained a well-built and considerable relationship with the perceived performance of employees in the autonomous medical intuitions. This is justified in this way that per capita income of Pakistan is very low; especially pay structure of public sector employees is not very attractive; hence the employees are more cognizant regarding these practices.

It is also observed that the employee performance also increases, if there is job security. The Government of Pakistan announced in 2009 budget that the contract employee should be regularized to increase the performance and commitment level of employees. The pension facility also has a significant impact on the employee performance because the employees feel comfortable when they are old. There is a poor association among employee performance and performance evaluations because there is no proper system of the performance appraisal system in the public health sector of Pakistan. Just a form of ACR (Annual Confidential Report) or PER is filled by the immediate

boss at the end of the year. The performance of the employee is rated on the five point scale 'A1' = Very Good, 'A' = Good, 'B' = Average, 'C' = Below Average 'D' = Poor. This performance evaluation report has nothing to explain the system of performance of employees in the health sector of Pakistan and it is mostly filled when the employees desire to get promotion. The writing of ACR can be dependent on the single day performance of the employee and does not represent the whole year and it also depends on the mood, attitude and behavior of the supervisor at the time of writing of ACR (Bashir and Kattak, 2008). In Pakistan the promotion decisions are made on the basis of seniority and not on the basis of performance. Therefore on his turn the employee is promoted even though his ACR/performance is very poor.

There is a weak relation between perceived employee performance and employee participation in the decision making because the decision making in the Public Sector is centralized. The decisions are made at the top level and implemented without any involvement of lower level employees. Bashir and Kattak (2008) are of the view that the major reason of inefficiency in the public sector is the centralized decision making. Coggburn (2005) also states that there are many problems of the centralized decision making. Our finding is against the finding of Marvat et al. (2009) who argued that employee participation has a constructive impact on employee performance. The reason is that his study is based on the private sector in which, the employees are encouraged to participate in decision making.

Conclusion

This study has a great importance for the decision makers in the Health Sector of Pakistan. The HR manager makes the decision on the basis of past experience or hit and trail method due to the limited research available on the health sector. The hit and trail, and past experience approaches should be changed (Sajjid and Kattak, 2008). The compensation should be given owing to importance because health facilities are of primary significance in any society. Furthermore, demotivation of doctors may lead towards treacherous consequences as proved during last strike of doctors which resulted in more than 500 casualties. The promotion criteria should also be changed to increase the employee performance. In the public sector the promotions are based on seniority and not on the basis of performance.

Therefore, the employees wait for their turn rather than to improve the performance but in case of private sector the organizations promote the employees on the basis of performance. The performance appraisal system should also be reviewed. An ACR is not a sufficient tool to measure the performance of the employees.

Therefore, the government should review the performance appraisal system and the employees' annual increments should depend on the performance appraisal to increase their performance. The job security and pension program is only available to the permanent employees and contract employees are ignored from this facility and this creates discrimination and employee performance is affected. Therefore, to increase the employee performance both facilities should be given to all the employees. Concluding the discussion, governments are suggested to consider compensatory benefits as well as other factors which are discussed in this study to maintain motivation level of doctors and to increase the performance level of employees in health sector as health sector is the core area and has primary importance for any nation.

LIMITATIONS AND FUTURE STUDY

The limitation of the study is that it has a small sample size; also, the study was made only in the public sector and its comparison was not made with the private sector. In future the comparative study of private and public health sector may be conducted to check the impact of HR practices on the performance of employees in both sectors. In future some other HR practices may also be tested in the health sector of Pakistan which are not tested in this study like career management, placement/transfer, recruitment and selection, training, job clarity, profit sharing, employee ownership, and information sharing.

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