**Human Resource Management Practices and Employee’s Job Performance in Selected Private Health Care Sector, Selangor, Malaysia**

**Nurhafizah Zainal\***

**School of Management and Marketing**

**Nilai University, Negeri Sembilan, Malaysia**

[**drnurhafizah@nilai.edu.my**](mailto:drnurhafizah@nilai.edu.my)

**Nor Nazeranah Omar Din**

**School of Management and Marketing**

**Nilai University, Negeri Sembilan, Malaysia**

**Chandramalar Munusamy**

**School of Management and Marketing**

**Nilai University, Negeri Sembilan, Malaysia**

**Abstract**

Human resource management practices are crucial especially in the private health care sector. This could be because managing personnel in the health care sector is particularly challenging, therefore meeting every employees’ needs is crucial. Recently, the health care sector experiences a scarcity and unbalanced distribution of employees due to the job turnover. In addition, employee’s performance in private health care sector shown slightly drop due to the dissatisfaction of employees toward human resource practices such as unattractive compensation and rewards packages, bias in performance appraisal, lack of training and development, and many more. Therefore, this study is conducted to examine the impact of human resource practices toward employee’s job performance. Specifically, there are three main human resource practices observed as a factor that contribute to employee’s job performance. The three human resource practices are compensation and benefits, performance appraisal, and training and development. There were four private hospitals operating in Selangor, Malaysia chosen as a sample for this study. The private hospitals are; KPJ Selangor Specialist Hospital, Columbia Asia Hospital Puchong, Assunta Hospital PJ and Sunway Medical Centre. Out of these four private hospitals, there were about 291 employees that working as front desk, nurses, clinical workers, and administration staff have been chosen as a respondent in this study. The questionnaire was distributed to the respondents. The data collected analysed by using SPSS version 29. The findings indicate that employee’s job performance in Malaysia private hospitals are positively correlated with compensation and benefits. Employees feel motivated with compensation which encouraged them to increase their production and work more efficiently. Additionally, the findings also suggest that performance appraisal and training and development significantly contribute to employee’s job performance.

***Keywords:*** *Human Resource Management, Job Performance, Compensation and benefits, Training and development, Health Care Sector*

**1. Introduction**

It has been argued extensively in research articles on how human resource management practices affect organisational performance. The findings of research conducted in developed nations have repeatedly demonstrated the importance of Human Resource practices to the success of organisations. However, research in this field being done in developing nations are insufficient. Therefore, there is a need to conduct this study in developing countries as to add values to the current understanding of Human Resource practises. Storey (1992) defined Human Resource Management (HRM) as a "collection of connected policies with an ideological and philosophical grounding." According to Storey and Sisson (1993), HRM is "a distinctive approach to employment management that tries to generate competitive advantage through the strategic deployment of a highly devoted and capable staff, employing a variety of cultural, structural, and human strategies." On the other hand, Julie and Tim (2007) note that although there is no consensus definition of HRM in the literature, organisations place a high value on the strategic role of HRM. While many other researchers have identified HRM as a tool for enhancing organisational performance, some study has highlighted HRM as strategic elements of "best-fit" or matching people with organisational needs.

Recruitment, selection, placement, induction, training, development, performance evaluation, reward system, career planning and development, and employee-employer interactions are the main processes of HRM. The best approaches in developing healthcare professionals are HRM practices. This is supported by Katarzyna and Zuzana (2023) asserts that the most crucial tactic for maintaining healthcare professionals' work analysis and patient care in an ethical manner is HRM. Therefore, it is crucial for maintaining good HRM practices to boost employee’s job performance and indirectly increase the patient satisfaction.

**2. Research Background**

Human resource management practices could lead to employee’s performance through providing constructive training and fun work settings that help retain talent. When employees are satisfied with their organization, this will indirectly boost employee’s productivity and thus increasing their performance. The basis of management is getting things done via people, hence human resources are a crucial component of management. Unfortunately, a global shortage of human resources has emerged, particularly among healthcare personnel, as a result of the Coronavirus disease 2019 (COVID-19) pandemic. The medical professionals handling these COVID-19 cases at the same time were exposed to the virus and contacted to it. Many of these employees had to take time off work while they recovered, while some of these people passed away from the illness. The rapid rise in patients' numbers over a brief period of time has led to stress and unmanageable issues among health care employees. Working in health sector, the demand for productivity to serve the best to patients is prominent specifically during the Covid-19 pandemic. The employee’s job productivity is relied on many factors. One of the factors is HRM practices of the organization. Effective management of human resources will enable responsive health systems, enhance the standard of healthcare, rationalise resource utilisation, and lessen the workload for employees.

**3. Problem Statement**

While the connection between HRM and the healthcare employee's job performance has generally been well studied, the majority of the existing fundamental empirical research comes from western nations and may only have limited applicability in Malaysia. Therefore, this study is carried out to examine the impact of HRM practices toward employee’s job performance in private hospitals, Selangor, Malaysia. It is assumed that compensation and benefits play a role in boosting the employee’s productivity. The pay literature indicates that compensation and benefits generally able to improve employee’s job performance (David & Steve, 2023). In addition, it is expected that those received compensation and benefits above industry norms will show high job performance. Along the same line, it is expected that training and development may have an impact on employee’s performance. Training and development should be ongoing and well-planned process designed by the management. Training and development are provided to employees in order to ensure the employees are equipped with necessary and adequate skills, knowledge, and abilities to carry out their duties. Therefore, training and development is generally assumed can increase employee’s job performance. On the other hand, healthcare professionals face a number of difficulties in the modern world, particularly those in the private sector that serve a large number of international patients. Patients now demand for easier access to higher-quality healthcare. Therefore, it is crucial for private hospitals to hone their competitive edge in order to obtain an advantage over rivals. As a result, the services and caring offered by healthcare professionals are regarded as important source of quality that can meet the patients' needs. As such, performance appraisals serve as a crucial platform to inform healthcare workers of the necessary quality standards that can fulfil patients' demand and ultimately aid private hospitals in achieving their goals. By examining the three HRM practices (compensation and benefits, training and development, performance appraisal) in private hospitals setting in developing country such as Malaysia would contribute the better knowledge and understanding on the effectiveness of HRM practices toward increasing employee’s job performance.

**4. Research Objectives and Research Questions**

Specifically, there are three research objectives in this study. The research objectives are as follow:

RO1: To examine the relationship between compensation and benefits and employee’s job performance in private hospitals, Selangor, Malaysia.

RO2: To examine the relationship between training and development and employee’s job performance in private hospitals, Selangor, Malaysia.

RO3: To examine the relationship between performance appraisal and employee’s job performance in private hospitals, Selangor, Malaysia.

The research questions for this study are:

RQ1: What is the relationship between compensation and benefits and employee’s job performance in private hospitals, Selangor, Malaysia?

RQ2: What is the relationship between training and development and employee’s job performance in private hospitals, Selangor, Malaysia?

RQ3: What is the relationship between performance appraisal and employee’s job performance in private hospitals, Selangor, Malaysia.

**5. Literature Review**

***5.1 Compensation and Benefits***

In recent years, the company has come to believe that remuneration and benefits are crucial to boosting and increasing employee performance. Researchers like David and Steve (2023) suggested that compensation policies should include employee incentives that encourage the pursuit of novel solutions. According to Armstrong (2005), compensation management is one of the key pillars of human resources management. In a similar vein, researcher suggested that compensation has one-way relationship with employee’s performance (Imam Jayanto, Eka, Samuel, & Irma, 2023). In contrast, the definition of compensation as forms encompasses monetary returns and tangible benefits that employees receive as a part of their job relationship (Bernadin, 2007). Additionally, the term of compensation usually refers to monetary recompense given to a recipient. In reality, employees received a combination of financial and non-financial awards in exchange for their services to the company, in addition to their pay.

***5.2 Training and Development***

Training and development is done to bring about change by integrating a new employee into the corporate culture. It entails training new hires to develop new skills or enhance existing ones in order to implement organisational change. Workforce motivation cannot be achieved with just training. However, it is a crucial instrument that a company can utilise to accomplish its long-term objectives (Atmaja, Nelfianti, & Elyana, 2023). Employees receive training as part of a commitment to uphold the organisational culture and to be productive, both of which will lead to receiving rewards and accolades. Since the skills learned during training will make up the majority of an employee's life cycle in a company, training also has a significant impact on how well employees perform. Employees are more likely to participate in planned activities, support initiatives that will advance the company, and give their all to ensure that organisational objectives are met when they are motivated by training (Raziur & Kishor, 2022). Additionally, organizations will find it simple to accomplish their goals when staff are well-trained.

***5.3 Performance Appraisal***

Performance appraisal is one of the important functions of HRM practices in any organization. Effective performance appraisal would help employees to improve their weaknesses. It is believed that performance appraisal able to increase employee’s job performance (Mbabazi, 2023). This is because According to Milna (2023), an effective performance appraisal system, which includes using the right tools and giving the right incentives, has a positive, considerable impact on employee motivation which indirectly increase the employee’s job performance. Additionally, according to expectation theory, the results of performance reviews are closely tied to the work output of the employees (Milna, 2023). Along the same line, Oliver, David, and Greg (2023) explained that an employee's level of effort, dedication, and creativity toward his or her work in an organization affected productivity and that these factors were also considered for their performance evaluation. Therefore, a critical assessment of the results of the performance review is very important because it is not only predicting employee’s performance but it may also highlight the need for incentives, training, development, and counselling for the employees.

***5.4 Hypotheses***

Based on the literature review, there are three hypotheses developed for this study. The hypotheses are as follow:

H1: There is a positive significant relationship between compensation and benefits and employee’s job performance.

H2: There is a positive significant relationship between training and development and employee’s job performance.

H3: There is a positive significant relationship between performance appraisal and employee’s job performance.

***5.5 Conceptual Framework***

Figure 5.1 shows the conceptual framework used for this study. The independent variables in this study is HRM practices which consists of three elements; compensation and benefits, training and development, and performance appraisal. Meanwhile, the dependent variable for this study is employee’s job performance.

**HRM Practices**

* Compensation and benefits
* Training and development
* Performance appraisal

**Employee’s Job Performance**

**Figure 5.1: Conceptual Framework**

**6. Research Methodology**

***6.1 Research Approach***

This study used positivism approach with deductive (quantitative) method. A quantitative design's overall structure is based on the scientific method. It employs deductive reasoning, in which the researcher develops a hypothesis, collects data in an investigation of the problem, and then uses the data from the investigation, after analysis and conclusions are shared, to prove the hypotheses are not false. In order to collect the data, set of questionnaires were used and distributed to the respondents. The reason of choosing questionnaire as a method of data collection is due to the respondents’ nature of working. Working in health care sector is extremely busy with their pack schedule. Therefore, respondents may answer the questionnaire whenever they are available.

***6.2 Population and Sampling Design***

Four Selangor private hospitals operating in Malaysia made up the study's sample, which are KPJ Selangor Specialist Hospital, Columbia Asia Hospital Puchong, Assunta Hospital PJ and Sunway Medical Centre in Malaysia. Overall, there are total 1200 employees that working as nurses, pharmacist, and admin staff in these private hospitals. Therefore, according to the Krejcie and Morgan (1970) Table, the suggested sample size for this study is 291. However, to cater non-response issue from the respondents, the researcher decided to distribute 350 questionnaires to respondents. Simple random sampling technique was used in choosing the respondents.

***6.3 Research Instruments***

The instruments used in this study are adopted from previous researcher. The questionnaires to measure compensation and benefits are adopted from Feraro-Banta and Shaikh (2017). Meanwhile, questionnaire to measure performance appraisal are adopted from Niazi (2011). There are three items in measuring compensation and benefits and performance appraisal. On the other hand, there are four items in measuring training and development. Meanwhile, to measure employee’s job performance, the instrument is adopted from Pradhan and Jena (2016). There are 18 items in measuring employee’s job performance. A five-point Likert scale, is used with 1 denoting totally disagree and 5 denoting strongly agree. All the instruments used have high validity and reliability with Cronbach alpha values more than 0.8. A pre-test was conducted with 30 employees from health care sector. The inputs from the respondents in the pre-test helped to develop the readability of the questionnaire. In addition, opinions from five experts of the domain of this study were obtained to enhance the readability and comprehensiveness of the questionnaire. Based on the inputs from pre-test and experts’ opinions, some of the wording in the questionnaire have been modified.

**7. Findings and Discussion**

***7.1 Descriptive Analysis***

Table 7.1 below shown the descriptive analysis of respondents’ demographic background. Out of 350 respondents, only 291 response able to obtained.Therefore, the response rate in this study was 83%. Out of 291 respondents, 64.6% were male and 35.4% were female. Majority of the respondents are from 25-34 years old category with 6 to 10 years of working experiences. Majority of them are diploma or certificate holder. Based on the respondents’ demographic background where most of them are in the middle age, career development is assumed to be important to their life. Therefore, it is assumed that achieving high job performance is crucial to them.

| **Demographic Category** | | **Frequency** | **Percentage** |
| --- | --- | --- | --- |
| Gender | Male | 188 | 64.6% |
| Female | 103 | 35.4% |
| Age | 18-24 years old  25-34 years old  35-44 years old  45-54 years old  55-64 years old  Above 65 years old | 56  105  78  35  12  5 | 19.2%  36.0%  26.8%  12.0%  4.1%  1.9% |
| Educational Level | Primary Education  High Education  Diploma/ Certification  Bachelor’s Degree  Master Degree  PHD and above | 3  3  167  98  15  5 | 1.0%  1.0%  57.4%  33.7%  5.2%  1.7% |
| Years of Experience | 1-5 years  6-10 years  11-15 years  16-20 years  More than 20 years | 89  188  8  4  2 | 30.6%  64.6%  2.7%  1.4%  0.7% |

**Table 7.1: Descriptive Analysis of Respondents’ Demographic Background**

***7.2 Reliability Analysis***

Table 7.2 shown the reliability analysis for all the constructs used in this study. It was observed that all constructs are greater than 0.7 (Hair, Sarstedt, Ringle, & Gudergan, 2018) which confirmed the validity and reliability of the constructs.

|  |  |
| --- | --- |
| **Construct** | **Cronbach Alpha Coefficient** |
| Compensation | 0.86 |
| Performance Appraisal | 0.84 |
| Training and Development | 0.81 |
| Employee’s job performance | 0.83 |

**Table 7.2: Reliability Analysis**

***7.3 Mean, Standard Deviations, Normality Analysis***

Table 7.3 shown the mean, standard deviations, and normality analysis for the study. Based on the findings, the skewness and kurtosis values both are ranging between -1 and +1 demonstrating that the data are distributed normally as indicated by the Hair et. al. (2018).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Factors** | **Mean** | **SD** | **Skew** | **Kurtosis** | **Min** | **Max** |
| Compensation | 2.23 | 0.627 | 0.742 | 0.965 | 1.0 | 5.0 |
| Performance Appraisal | 2.36 | 0.667 | 0.505 | 0.994 | 1.0 | 5.0 |
| Training and Development | 2.42 | 0.656 | 0.265 | 0.825 | 1.0 | 5.0 |
| Employee Performance | 2.62 | 0.621 | 0.303 | 0.912 | 1.0 | 5.0 |

**Table 7.3: Normality Analysis**

***7.4 Correlation Analysis***

Using the correlation matrix displayed in Table 7.4, it was found that the data offered significant support for the measurement model. The correlation matrix revealed that the compensation and benefits had a very strong link with employee’s job performance (r = 0.831; p 0.000). In addition, training and development also associated to employee’s job performance (r = 0.783; p 0.000). Along the same line, it was found that performance appraisal has positive correlation with employee’s job performance (r = 0.755; p 0.000). It can be seen that HRM practices such as compensation and benefits, training and development, and performance appraisal are contributors to employee’s job performance. Hence, all the three hypotheses developed for this study are supported. Along the same line, the findings in this study are consistent with previous research such as David and Steve (2023) who claimed there is a strong association between compensation and employee’s performance. On the other hand, other researcher also suggested that compensation has one-way relationship with employee’s performance (Imam Jayanto, Eka, Samuel, & Irma, 2023). In a similar vein, previous research revealed that there is a significance relationship between training and development and employee’s job performance (Anamika, Farhina, Nazia, & Saurabh, 2023). The plausible reason behind this is because training and development able to boost employee’s confidence and directly increase employee’s knowledge, abilities, and competencies in completing job. Thus, employee’s job performance will increase. The significant findings of the relationship between performance appraisal and employee’s job performance are consistent with previous research. For instance, study from (Brefo-Manuh & Anlesinya, 2023) claimed that performance appraisal justice able to increase employee commitment and thus increase employee’s job performance.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Compensation and benefits | Training and Development | Performance Appraisal | Employee’s Job Performance |
| Compensation and benefits | Pearson Correlation | 1 |  |  |  |
| Sig. (2-tailed) |  |  |  |  |
| Training and Development | Pearson Correlation | .414 | 1 |  |  |
| Sig. (2-tailed) | .000 |  |  |  |
| Performance Appraisal | Pearson Correlation | .520 | .666 | 1 |  |
| Sig. (2-tailed) | .000 | .000 |  |  |
| Employee’s Job Performance | Pearson Correlation | .831 | .783 | .755 | 1 |
| Sig. (2-tailed) | .000 | .000 | .000 |  |

**Table 7.4: Correlation Analysis**

***7.5 Multiple Regression Analysis***

This study makes use of multiple regression analysis to analyze the significant connections that exist between independent variables (compensation and benefits, training and development, performance appraisal) and dependent variable (employee’s job performance). Table 7.5 shows results of multiple regression model summary. The correlation coefficient (.721) shows positive values between independent variables and dependent variable. The value of correlation coefficient .512 indicates that 51% of the variation in the dependent variable is explained by independent variable. Therefore, for the remaining 49% variation of dependent variable will be explained by other factors. Based on Table 7.5, the value of F-Change is 76.360 with .000 significant which indicates the model used in this study is significant. Meanwhile Table 7.6 presents multiple regression coefficient values. From the findings, it can be concluded that compensation and benefits is the highest contributor to employee’s job performance with the B value .446. The plausible reason behind this finding could be due to age factors of the respondents in this study. Most of the respondents in this study are in the age of 25-34 years old. Individual in this age category are strive for monetary terms to satisfied their needs. When they satisfied with their salary, compensation, and benefits provided by the organization, indirectly they will demonstrate more efforts in their work and thus increasing job performance.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model** | **R** | **R Square** | **Adjusted R Square** | **F Change** | **Sig. F Change** |
| 1 | .721 | .512 | .501 | 76.360 | .000 |

Table 7.5: Multiple Regression Model Summary

|  |  |  |  |
| --- | --- | --- | --- |
| **Model** | **B** | **t** | **Sig.** |
| **(Constant)** | 1.823 | 10.697 | .000 |
| **Compensation and Benefits** | .446 | 5.678 | .000 |
| **Training and Development** | .322 | -1.167 | .000 |
| **Performance Appraisal** | .218 | 3.892 | .000 |

**Table 7.6: Multiple Regression Coefficient**

**8. Conclusion**

This study aims to investigate the relationship between HRM practices and employee’s job performance in health care sector. This study has highlighted that HRM practices such as compensation and benefits, training and development, and performance appraisal are associated to employee’s job performance. The results correspond to Hypotheses H1, H2, and H3 which have been supported through data analysis and consistent with other previous studies.

The study has provided several contributions to the literature and practitioners. This study has investigated how HRM practices able to influence employee’s job performance specifically in health care sector in Malaysia. Up to date, very limited studies conducted to examine such relationship in Malaysia context.

In addition, this study also enables managers to focus on the important variables that have a substantial impact on employees' performance in private hospitals rather than making erroneous assumptions and looking for the incorrect remedies. The results of this study are anticipated to be used by management to create organisational strategies that will best complement human resource plans. According to the study's findings, compensation and benefits, training and development, and performance appraisal are some of the important variables that have a substantial impact on an employee's performance. Therefore, management may concentrate on identifying the issues that are present in the process and also make improvements in the key areas.

There are few limitations in this study. Firstly, this study used cross-sectional data. Future researchers should conduct this study longitudinally to eliminate the defects of findings. In addition, this study conducted in selected private hospitals in Selangor Malaysia. Therefore, the results obtained in this study may not generalizable to other setting. Future research may conduct the study in other setting such as different location or respondents. This study highlights that only 51% of the variation in the dependent variable is explained by independent variable. Therefore, for the remaining 49% variation of dependent variable will be explained by other factors. Thus, future research may examine other HRM practice factors such as selection of employees, effective teams, designing employee’s job and etc that able to contribute to employee’s job performance.

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