
HUMAN RESOURCES MANAGEMENT PRACTICES AND EMPLOYEE RETENTION OF GOVERNMENT-OWNED HOSPITALS IN PORT HARCOURT

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ABSTRACT

This study examined human resources management (HRM) practices and employee retention in government-owned hospitals in Port Harcourt. The study adopted a survey research design, and used a self-made structured questionnaire to collect primary data. The data collected was analyzed using Pearson Product Moment Correlation and simple regression. The study found that performance appraisal and employee empowerment as HRM practices, relate to employee retention. The study concludes that HRM practices (performance appraisal and employee empowerment) informs employee retention in government-owned hospitals in Port Harcourt, and recommends that government-owned hospitals in Port Harcourt should empower and regularly appraise their employees, if they seek to achieve increased employee retention.

Keywords: Employee empowerment, employee retention, Human resource management practices, performance appraisal

INTRODUCTION

Human resource management (HRM) has assumed increased importance in organizational life in recent times. This is due in part, to the realization of “people” as important organizational assets that bring different perspectives, values, and characteristics to the Table. When well-managed, these human characteristics benefit organizations. This scenario, as demonstrated by Djabatay (2018), provides validity to the growing focus on the human side of organizational wealth. This is because the fulcrum of HRM is the development of people, their competences, and the process development of the entire business (Djabatay, 2018).

Human resources, whether in the public or private sector firms, have been demonstrated to be the most valuable asset (Adebayo, 2011). As a result, the human dimension is critical to achieving organizational objectives. Meeting organizational goals becomes a mirage when this key asset is not effectively planned for, in terms of whom to recruit, the quality of people to be recruited in terms of educational credentials, skill and experience, and effective retention tactics.

While recruiting is the process of discovering and attracting potential candidates from within and outside an organization in order to begin evaluating them for future employment, performance begins with the identification of the correct caliber of applicants through assessment (Taiwo, 2011). Most recruitment and selection processes, on the other hand, include components of subjective judgment. However, treating job candidates professionally and positively is more likely to leave them with a favourable impression of the organization and how it dealt with them, whether they are hired or not (Taiwo, 2011).

HRM experts are now concerned about the tight labour market and the difficulties in attracting and retaining qualified staff. Human resources departments are suddenly inundated with resumes, even if they are not recruiting or only looking for entry-level positions, due to the drastic change in the economy and record-setting layoffs and business closures. However, employees today have completely different professional ambitions and worries. Many are concerned that they may be the next to be fired or laid off. And, if a person is in a challenging work position, they may be inclined to stay at their job when they would have aggressively sought another just a few months before.

Personnel recruitment, retention, and performance are critical to success of firms. Organizations, particularly public ones, pay lip respect to established scientific processes and use them in these crucial hiring processes, resulting in people being hired based on political considerations. This has deprived them of skilled people needed to achieve desired objectives (Opperman, 2013). Organizations spend a lot of money to put in place safeguards to prevent this harmful trend. It is against this backdrop that this study seeks probe the relationship between HRM practices and employee retention in government-owned hospitals in Port Harcourt.

LITERATURE REVIEW

Theoretical Framework

This study is anchored on decision-making theory (Simon, 1960; Weber, 1947; Simon, 1945) which assumed that organizational decision-making is rational, and that these rational decisions are required to support the smooth operation of organizations in their pursuit of improved performance. Decisions, according to decision theorists, are the choice of a proposed course of action (Iyayi, 2012). The plan of action is to attain the goals that the organizations were created to accomplish. Another key assumption of organizational decision-making is that the entire notion and purpose of organizations, whether they are government ministries or not, revolves around decision-making (Tonwe, 2014). "The making of decisions, particularly the larger, consequential ones that dictate what is done and shape the future decisions of the organizations and the lives of the individuals within them, are fundamental to organizational stakeholders (Miller, 2013).

Human Resources Management Practices

HRM practices are a set of planned strategies and policies that a company implements to guarantee that its human capital contributes efficiently and effectively to the attainment of organizational goals (Mondy & Noe, 2005). HRM practices have been identified as a source of business revenue at the organizational level. This is because HRM practices like compensation (offering attractive rewards to attract and retain skilled manpower), performance appraisal (determining employees' strengths and weaknesses), and training and development (training potential employees to perform higher-level tasks) have been considered foundation strategies that ensures that, an organization has talented employees who work to increase organizational productivity. HRM methods are critical in attracting, motivating, rewarding, and retaining personnel (Noe, & Tews 2008).

HRM techniques are concerned with management operations such as hiring, performance management, training and development, compensation and benefits, employee relations, and safety and health (Noe, & Tews 2008). According to Wright et al. (2005), there are three types of human resource techniques. For starters, they claimed that there are strategic human resource practices in place. Second, there are actual human resource processes that have been put in place, usually under supervision. Finally, they propose a third level of human resource practices: those

that employees perceive. In this study, we focus on employee empowerment and performance appraisal as aspects of HRM techniques.

Performance Appraisal: Performance appraisal is a critical method for evaluating employees' contribution to the firm over a period of time. The procedure is repeated on a regular basis, and top performers are recognized in order to motivate employees. Human resources play a critical part in client satisfaction. As a result, performance appraisal is crucial to the service industry than to any other (Narban et al., 2016). The performance appraisal framework is an important tool for assessing the effectiveness of employees in a company (Islami et al., 2018). Different harsh environmental conditions generate a complex understanding of which structural components of performance management foster employee performance (Van et al., 2017). The goal of assessing performance is to conduct research, provide feedback, and provide training and make future plans (Salas et al., 2017).

In order to keep valuable personnel, a company needs a fair performance appraisal system, that enables employees comprehend their professional tasks and guides them in the direction of personal development (Hong et al., 2012). To boost organizational effectiveness, HRM experts must focus more on devising ways for maintaining talent within the organization (Ansari & Bijalwan, 2017).

Employee Empowerment: Employee empowerment have a substantial impact on employee satisfaction and organizational performance. Employee empowerment is defined as a transfer of power from higher levels of the organization's hierarchy to lower levels (Ukil, 2016). With the rise of globalization and competitive marketplaces, one of the issues that firms confront is increasing efficiency and responding to customers faster while retaining customer happiness (Ghosh, 2013). As a result, a lack of authority and complex organizational processes might stifle an organization's ability to function. Employee empowerment not only allows the company to attain required productivity levels, it also enhances service quality and customer communication (Ghosh, 2013). Employees who have worked for the company for a long time are already familiar with the processes and abilities needed to complete tasks (Ukil, 2016, Sergio et al., 2017). As a result, depending on employees, delegating powers and allowing them to participate in decision-making not only allow them to come up with more creative and original ideas, but also boost job satisfaction (Ukil, 2016; Ghosh, 2013). Employee empowerment distributes workplace stress, and results in a more pleasant working environment and increases organization's effectiveness.

Concept of Employee Retention

Employee retention is a major challenges faced by corporate executives. Employee retention must be considered by all organization managers and stakeholders in their strategies, and long-term impact on the organization's behaviour and productivity must be estimated (Mohanty, 2009). Employee retention is defined as employers' effort to retain suitable employees in order to accomplish business objectives (Frank et al., 2004). Employee retention has historically influenced enterprises, economies, and communities, as well as professional commitment, satisfaction, motivation, and employee behaviour (Calo 2008).

Employee retention rate is a vital competitive tool, and is linked to job satisfaction (Saari & Judge 2004). Retention is more crucial than recruitment because the firm will spend more time training new employee, and research shows that replacing old employees with new ones can cost up to

twice as much as previous employees' annual wage (Alshurideh, 2019; Irshad & Afridi 2007). The flip side of employee retention is employee turnover. Employee turnover is the rate at which employees enter and exit an organization.

According to Mobley (2010), turnover is the total cessation of membership in an organization by a person who has been compensated financially by the organization. However, Griffin and Moorhead (2010) suggest that empowering employees through participative management enhance employee involvement as well as motivation. Empowered employees make decision within the area of their authority and responsibility, solve problem and set their own objectives; and this results in lower turnover and improved retention of employees.

HRM Practices and Employee Retention

Existing evidence in literature shows that HRM practices favourably relates to employee retention. However, a few experts have stated that there may be no clear link between HRM practices (or part of them) and retention. This viewpoint contradicts a long-standing debate in literature on the importance and impact of aligning HRM activities with company strategy (Emuhira, 2011). For example, research on the relationship between HRM practices and employee retention presented empirical implications, however they failed to substantiate the link between HR characteristics and employee retention intentions (Iqbal et al., 2015; Francis, 2014).

Francis (2014) suggests that training and development, career advancement, compensation and benefits, and performance appraisal are salient drivers of employee retention; while Mbugua et al. (2015) explained that strategic recruitment, strategic training, and strategic performance management affect employee retention. These positions affirm that HRM policies and strategies enhance positive connection between companies and their employees and increase employee retention.

Job design activities, job analysis methodologies, participation programmes, information sharing, grievance, staffing, training, performance appraisal, and incentive-based compensation are other strategic HRM practices that foster competitive advantage and hence staff retention (Mbugua et al., 2015; Luthans & Sommer, 2005). Porter (2008) state that a set of intensive HR activities, such as recruitment, training, job design, participation, teamwork, work-life balance, and rewards, are important elements in achieving job fit, and that this, in the long run, means that people may experience better fit with the organization.

In view of the foregoing arguments, reports and submissions, the following null hypotheses are formulated:

H₀₁: There is no significant relationship between performance appraisal and employee retention in government-owned hospitals in Port Harcourt.

H₀₂: There is no significant relationship between empowerment and employee retention in government-owned hospitals in Port Harcourt.

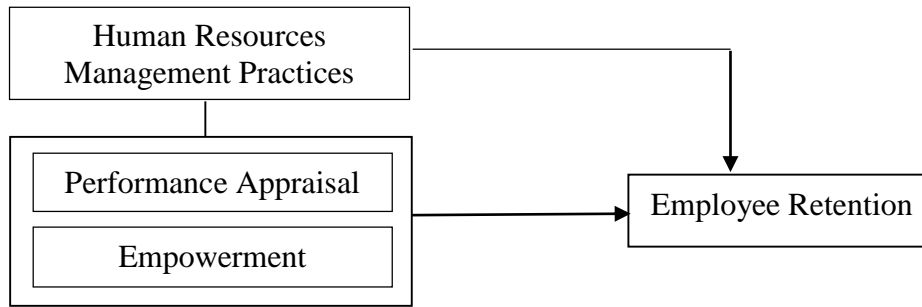


Fig. 1: Operational framework of HRM practices and employee retention
 Source: Adapted from Ejaz & Akbar (2015)

METHODOLOGY

This study focused on probing the link between HRM practices and employee retention. The study employed a descriptive research design, and adopted a quantitative approach in data collection. The population of the study comprised 4450 staff of government-owned hospitals in Port Harcourt. A sample of 223 was derived using the Taro Yamane formula for sample size determination. Structured questionnaire served as research instrument. Data analyses was done using Pearson Product Moment Correlation and simple regression.

Table 1: Population Distribution of government owned hospitals in Port Harcourt

Grade of Worker	No. of Worker	Percentage %
Administration	1078	17.33%
Department of Works	1086	19.11%
Other Departments	1079	17.56%
Finance	1020	46.00%
Total	4450	100

Source: Research desk (2023)

RESULTS AND DISCUSSIONS OF FINDINGS

Table 2: Correlations between performance appraisal and employee retention

		Performance Appraisal	Employee Retention
Performance Appraisal	Pearson Correlation	1	.919**
	Sig. (2-Tailed)		.000
	N	210	210
Employee Retention	Pearson Correlation	.919**	1
	Sig. (2-tailed)	.000	
	N	210	210

Correlation is significant at the 0.01 level (2-tailed).

Source: Results of data analyses on HRM practices and employee retention (2023).

Table 2 shows the correlation coefficient of the link between performance appraisal and employee retention. Performance appraisal has a strong positive connection with employee retention at (r=0.919, p=.000). The results also means the link between performance appraisal and employee retention is statistically significant. The SPSS 23 software also computed the regression coefficients of the variables under consideration. The results are summarized in the Table below:

Table 3: Summary of regression results on performance appraisal and employee retention Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	-452	.625		-.723	.470
1 performance appraisal	1.183	.035	.919	33.692	.000

a. Dependent Variable: Employee retention

Source: Results of data analyses on HRM practices and employee retention (2023).

Table 3 shows that the regression analysis for performance appraisal and employee retention produced a beta value ($\beta = .919$). The additional information provided in the result of the regression analysis is the beta coefficient, which is a measure of the slope (gradient) or predictiveness of performance appraisal given a change in employee retention. For compactness, a summary of the regression model is presented below.

Table 4: Summary of regression model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919 ^a	.845	.844	1.878

a. Predictors: (Constant), performance appraisal

Source: Results of data analyses on HRM practices and employee retention (2023).

Table 4 reveals the extent to which performance appraisal accounts for change in employee retention as indicated by the R-square value of 0.845, which shows that 84.5% of change in employee retention is a results of change in performance appraisal. Table 4 also shows a p-value of 0.000. This is less than the set value of 0.05 used as the level of significance. The hypothesis was not supported by the empirical data. This means that performance appraisal has statistically significant effect on employee retention in government-owned hospitals in Port Harcourt.

Table 5: Correlations between empowerment and employee retention

		Empowerment	Employee retention
Empowerment	Pearson Correlation	1	.922**
	Sig. (2-Tailed)		.000
	N	210	210
Employee retention	Pearson Correlation	.922**	1
	Sig. (2-tailed)	.000	
	N	210	210

** Correlation is significant at the 0.01 level (2-tailed).

Source: Results of data analyses on HRM practices and employee retention (2023).

Table 5 shows the correlation coefficient of the association between of empowerment with employee retention. Empowerment indicate a positive correlation coefficient with employee retention ($r=0.922$, $p=.000$) which means that empowerment strongly relates to employee retention and that the relationship between the variables is statistically significant.

Table 6: Regression analysis for empowerment and employee retention
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	2.143	.541		3.961	.000
1 Empowerment	1.058	.031	.922	34.264	.024

a. Dependent Variable: employee retention.

Source: Results of data analyses on HRM practices and employee retention (2023).

Table 6 shows the regression analysis for empowerment and employee retention which indicates that empowerment exhibit a positive effect on employee retention having a beta value ($\beta = 0.922$).

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.922 ^a	.849	.849	1.851

a. Predictors: (Constant), Empowerment

Table 7 reveals the extent to which empowerment accounted for change in employee retention as indicated by the adjusted R-square, which shows 84.9% (0.849) in employee retention is brought about by changes in empowerment. The result shows that the p-value of empowerment and employee retention is 0.025. This value is less than the set value of 0.05, and this shows that empowerment make a statistically significant contribution to employee retention of government-owned hospitals in Port Harcourt.

CONCLUSION AND RECOMMENDATIONS

HRM experts recently, are more concerned about the difficulties in attracting and retaining qualified staff. Departments are suddenly inundated with resumes, even when not recruiting or only looking for entry-level positions, due to the drastic change in the economy and record-setting layoffs and business closures. Employees today have completely different professional ambitions and worries. As noted earlier, Personnel recruitment, retention, and performance are critical to an organization's success. Organizations, particularly public ones, pay lip attention to established scientific processes and use them in these crucial hiring processes, resulting in people being hired based on subjective other than objective reasons.

Thus, this work, from empirical evidence obtained from participants in the study, concludes that performance appraisal and empowerment as important HRM practices results in employee retention in government-owned hospitals in Port Harcourt; and recommends that government-owned hospitals in Port Harcourt that seek improved employee retention should employees' performance regularly and offer them necessary guidance for improvement; and that benchmarks should be developed for staff performance appraisal, and award or recognition given to employees who meet the standards, while training should be provided for those who do not. The study also recommends that government-owned hospitals should empower their employees as this will have a bearing on their performance subsequently.

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