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**ABSTRACT**

*This research examined the relationship between human relations and organizational performance in National Referral Hospitals in Kenya. In particular, the study investigated the inconsistency in the relationship between Human Relations and Organizational Performance. Several studies have been conducted in this field and they delivered inconsistent results with some arguing that there is a positive direct relationship between the two variables while others say that there is no relationship between the two variables while others recommend further research in this field since they argue that the relationship is not clear. The findings of the study indicated that Human relations have a significant relationship with organisational performance in referral hospitals in Kenya and that human relations explained 41% of the variations in performance. The results further indicated that a unit change in human relations, would result to 0.079 increase in performance. Human relations positively and significantly influenced the performance of referral hospitals in Kenya. (B1=0.079, P=0.000).*

**Keywords:** Human Relations, Work Climate, Organizational Performance, National Referral Hospital

## Introduction

During the past two decades, service organisations have started to focus on productivity improvement, on customer satisfaction and, generally, on a more effective management (Mouritsen, Thorbjørnsen, Bukh & Johansen, 2005). In such a scenario, a renewed interest about the role of intangible resources in determining organisational performances has risen. This is particularly valuable for healthcare services. Several scholars have discussed the relevance of intangible resources such as human relations as drivers of outstanding performances in the health sector. The human relations dimension is derived from an organic or natural view of organizations, which are seen as political arenas where multiple stakeholders and coalitions interact and where emphasis is placed on the satisfaction of stakeholders' needs and on activities required by the organization to survive (De Simone, 2014). The sub-climate dimensions that represent this dimension include autonomy, integration, involvement, supervisory support, training and welfare (Patterson *et al.*, 2005).

## Statement of The Problem

Human relations as part of the work environment of employees, has significant consequences for the organization (Adenike, 2011). Human relations being part of organizational climate is considered very important in the life of organizations due to its clear effects on the success of the organization (Al-Saudi, 2012). Management need to have good customer and employee relationships that will carry them through challenging and difficult times. This will enable them to share struggles, resources and best practices, which can really give them an edge. Relationships are difficult, but various studies show that they can be managed. According to Jackson (2009), the reality about organizational relationships is that they are just like any other relationships, they require lots of effort to maintain

and they must be mutually beneficial to all the stakeholders.

A number of factors continue to constrain the performance and limit the output of health care providers in Kenya that have led to many industrial actions like strikes that have been witnessed in agitation for improvement (Lesiyampe, 2013). Despite the fact that many studies have been conducted in different sectors, clearly indicating how important it is to have positive human relations, this has not been the case in the health sector in Kenya and further still, the studies that have been conducted relating human relations which is an organizational climate dimension with organizational performance have not yielded consistent results. It is also clear that most empirical studies were conducted in the West and less is known about the effect of human relations elsewhere and especially in the health sector in Kenya. Further, specific calls by Lutherns (2008) and Putter (2010) that further studies need to be conducted in the field to establish the relationship between organizational climate and performance, make this study noble.

## Hypothesis

H<sub>0</sub>: Human relations have no significant relationship with organisational performance in referral hospitals in Kenya.

H<sub>1</sub>: Human relations have a significant relationship with organisational performance in referral hospitals in Kenya.

## Literature Review

Several studies have been conducted relating human relation which part of work climate with employee performance. A study by Dana, Gadot and Shlomi (2013) revealed that one of the most promising explanations about change and improvement in organizational performance builds

on the contribution of the work atmosphere. Human relations is a social structure that can either promote performance or impede it, and thus may be considered a buffer between individual skills and motivation and various work outcomes. Therefore, the atmosphere in the workplace is expected to affect the quality of the services provided to citizens (Dana, Gadot & Shlomi, 2013).

According to Okoya (2013), one of the most promising explanations about change and improvement in organizational performance builds on the contribution of the work environment and organizational climate. The organizational climate is a social structure that can either promote performance or impede it, and thus may be considered a buffer between individual skills and motivation and various work outcomes. Studies have also found climate to be a meaningful intermediate element between employees' skills and motivation on the one hand and various performance-related variables on the other. Such variables include micro-level and individual-based work outcomes (i.e. job satisfaction, job commitment, creativity, supportive human relations, and Organizational Citizenship Behaviors) as well as macro-level performance variables (i.e. productivity, profit and quality of service).

According to Carlucci and Schiuma (2012), In the past two decades, in line with the public service organizations have started to focus on productivity improvement, customer satisfaction and, generally, a more effective management. In such a scenario, a renewed interest about the role of intangible resources in determining organizational performances has risen and this is particular valid for healthcare (HC) services. Recently, scholars have been discussing the relevance of intangible resources as drivers of outstanding performances in hospitals but the studies are still few and more knowledge is needed. Research has suggested organizational climate (OC) as an intangible factor, which significantly affects performance of HC

organizations and several studies have stressed the link between climate and a variety of important performances at the individual, group and organizational level within HC organizations.

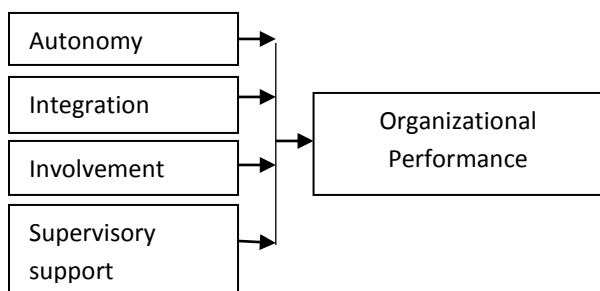
According to Umoh, Amah and Wokocho (2013), organizational climate can affect how employees perform within an organization because the way people feel and the way they perform are strongly associated. A poor organizational climate characterized by lack of recognition, lack of trust, lack of cohesion, lack of organizational support, lack of accountability etc., may lead to low productivity, low profitability, decreasing market share and possibly high employee turnover. Because the literature did not suggest a specific and direct historical correlation between organizational climate and employee performance, understanding the relationship between organizational climate and employee performance would assist organizational leaders in increasing productivity through developing the organizational climate.

According to Gisemba, Mukulu, Orwa & Auka (2015), many business executives concur that the ability to drive business growth and implement new innovative ideas are several of the top priorities in organizations in the 21st century. They said that Holistic commitment to building the capability and supportive organizational climate are needed for an organization to become entrepreneurial.

### **Purpose of the Study**

Existing studies (e.g. Vashti, Gadot & Shlom, 2013; Putter, 2010; Ali & Patnaik, 2014; Wakocho, Amah & Umoh 2013; Lutherns, 2008) examined the relationship between human relations (an organizational climate dimension) and performance in organizations. However, the studies yielded inconsistent results. Based on an extensive literature review this paper sought to address this gap.

### Conceptual Model



**Independent variables**      **Dependent variable**

**Figure 1: Conceptual model**

The human relations dimension is derived from an organic or natural view of organizations, which are seen as political arenas where multiple stakeholders and coalitions interact and where emphasis is placed on the satisfaction of stakeholders' needs and on activities required by the organization to survive (De Simone, 2014). The sub-climate dimensions that represent this dimension include autonomy, integration, involvement, supervisory support, (Patterson *et al.*, 2005). Autonomy is related to job design. Autonomy is all about allowing employees to enjoy more freedom and independence with regard to the work that they do and the procedures that they use. When employees feel that management trusts them to take the initiative and make their own work-related decisions they tend to be more motivated to do a good job and receive good feedback. Previous studies have used job autonomy to predict work outcomes. These researches describe that job autonomy became the critical antecedent for many positive work outcomes. Langfred and Moyer (2004) found the positive effects of job autonomy on job performance. Job autonomy enhances performance because a worker with high job autonomy will perceive that he/she trusted to perform the task. There has been a growing consensus among researchers regarding the importance of

integration. One characteristic of studies about integration is the investigation of its potential effects on organizational performance outcomes. Frohlich and Westbrook (2001) are among the first authors to empirically demonstrate that organizations with high levels of integration achieve superior firm performance when compared to organizations with low levels of integration. Stank Empirical studies on internal and external integration have demonstrated effects on financial performance and competitive capabilities , customer service performance , product innovation , and customer satisfaction , and overall performance of a firm (Koufteros, Peng & Teixeira,2012). Employee involvement focuses on the level of input that employees are allowed to make with regard to company decision-making and problem-solving, especially when it concerns them. When employees are encouraged to be involved in company procedures, they are more likely to be committed to achieving overall organizational success.

Employee involvement is a process of participation and empowerment of employees in order to use their input towards achieving higher individual and organizational performance. Involvement refers to the employee participation in decision making and problem solving, and increased autonomy in work processes. As a result, employees are expected to be more motivated, more committed, more productive and more satisfied with their work (Chatleska & Sofijanovna, 2013).

Supervisory support leads an employee to high performance work with satisfaction and motivation. It is hypothesized that employees who believe their superiors are considerate leaders will be more committed to their organizations than those who do not perceive their managers as such (Hossain & Aktar, 2012). It is clear that the role of supervisor has now become increasingly challenging as well as extremely critical as he has to work as a bridge between the management & the employees. At

present, supervisory support refers to the —socio-emotional concerns of the supervisor, and represents the degree to which the supervisor creates a facilitative climate of psychological support, mutual trust, friendliness, and helpfulness.

### **Organizational Performance**

The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose. Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. How that value is created is the essence of most empirical research in management, (Wienand, Cinotti, Nicoli, & Bisagni, 2007).

### **Research Method**

This study employed a descriptive survey research design. Descriptive survey research design is a method of collecting information by administering questionnaires to a sample of individuals. It can be used when collecting information about people's attitudes, opinions, habits or any of the variety of education or other social issues (Dolnard & Delno, 2009). Further this study used the mixed methods approach of inquiry. According to Creswell (2003), in the mixed method of inquiry, both qualitative and quantitative methods of data collection are used.

The target population for this study was 2961 drawn from the two National referral hospitals in Kenya namely, Kenyatta National Hospital and the Moi Teaching and Referral Hospital and the study used Yamane (1967) simplified formula to calculate sample size for the population of individuals at 95% confidence level and a p of 0.05%

$$n = \frac{N}{1+N(e)^2}$$

Where

n = Sample size

e = level of precision, 5%

N = Population size; 1100 for AH and 2096 for

KNH

On data collections, the study used a structured questionnaire to solicit responses and the researcher also took care of the common methods bias.

### **Data Analysis and Interpretation**

#### **Test of Hypothesis**

***H0<sub>1</sub> - Human relations have no significant relationship with organisational performance in referral hospitals in Kenya.***

To test the null hypothesis that Human relations have no significant relationship with organisational performance in referral hospitals in Kenya, a linear regression was carried out. The results of the linear regression indicated that R<sup>2</sup> was equal to 0.41. This indicated that Human relations have a significant relationship with organisational performance in referral hospitals in Kenya and that human relations explained 41% of the variations in performance. The remaining 59% of variation was explained by other variables.

**Table 1: Human Relations**

Model Summary	
R	R Square
0.641	0.411

a. Predictors: (Constant), x1(Human Relations)

Table 1: shows results of ANOVA. F-test results of 365.029 and the critical values of F-test at 0.05 degrees of freedom. This means that the model is valid ( $F=365.029, P<0.001$ ). P-value is .000 which is less than 5% level of significance. Human relations have a significant effect on organizational performance, hence the explanatory variable

human relations is good in explaining total variation in the performance of referral hospitals in Kenya. Therefore, we reject the null hypothesis and conclude that there is a linear relationship between human relations and organizational performance in Kenya.

**Table 2: Anova**

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	58.111	1	58.111	365.029	.000 <sup>b</sup>
Residual	83.260	523	.159		
Total	141.372	524			

a. Dependent Variable: y (Organizational Performance)

b. Predictors: (Constant), x1 (Human Relations)

To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between human relations and organizational performance. The hypothesis  $H_0: B_1 = 0$  versus  $H_1: B_1 \neq 0$  was tested. This was tested at 5% significance level. The results indicate that t test found that B coefficient was statistically significant since t value at 5% is  $34.375 > \text{critical } t = 1.96$ . The null hypothesis was rejected since t test indicated that  $\beta$  coefficient was different from zero at 5%

significant level. The equation  $Y = B_0 + B_1X_1 + e$  was then replaced by  $Y = 2.691 + 0.079X_1 + e$ . This shows that when other factors are zero, a unit change in human relations, will result to 0.079 increase in performance. Human relations positively and significantly influenced the performance of referral hospitals in Kenya. ( $B_1 = 0.079, P = 0.000$ ). Since the t test indicated that the B coefficient was different from Zero, the null hypothesis was rejected.

**Table 3: Coefficient**

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	2.691	.078		34.375	.000
	x1(Human Relations)	.079	.004	.641	19.106	.000

a. Dependent Variable: y

b. The equation  $Y=B_0+B_1X_1+e$  now becomes  $Y=2.691+0.079X_1+e$

### Discussion of findings

The stated null hypothesis for this study was H<sub>0</sub>1: human relations has no significant effect on performance in referral hospitals in Kenya. According to the study, there is a linear relationship between human relations and the performance of referral hospitals in Kenya. It also revealed that human relations have a significant effect on performance in referral hospitals in Kenya, this is because human relations explained 41% of the variations in performance. These findings were in agreement with a study by Xesha, Iwu, Slabbert and Nduna (2014) who found out that without strong relationships, it becomes impossible to achieve organizational success. The study expressed the opinion that management need to have good customer and employee relationships that would carry them through challenging and difficult times. This would enable them to share struggles, resources and best practices, which could really give them an edge. Relationships are difficult, but various studies show that they can be managed. Jackson (2009) concluded that the reality about organizational relationships is that they are just like any other relationships, they require lots of effort to maintain and they must be mutually beneficial to all the stakeholders. According to Jackson, both management and the workforce must be willing to give, share and support, not just take or receive.

### Conclusion

The human relations dimension is derived from an organic or natural view of organizations, which are seen as political arenas where multiple stakeholders

and coalitions interact and where emphasis is placed on the satisfaction of stakeholders' needs and on activities required by the organization to survive (De Simone, 2014). The sub-climate dimension that represents this dimension included autonomy, integration, involvement and supervisory support. (Patterson *et al.*, 2005). This study investigated the relationship between human relations and organizational climate in referral hospitals in Kenya. The results from this study indicated that Human relations have a significant relationship with organisational performance in referral hospitals in Kenya and that human relations explained 41% of the variations in performance. The results further indicated that a unit change in human relations, would result to 0.079 increase in performance. Human relations positively and significantly influenced the performance of referral hospitals in Kenya. ( $B_1=0.079$ ,  $P=0.000$ ). These findings were in agreement with a study by Xesha, Iwu, Slabbert and Nduna (2014) who found out that without strong relationships, it becomes impossible to achieve organizational success. The study expressed the opinion that management need to have good customer and employee relationships that would carry them through challenging and difficult times. This would enable them to share struggles, resources and best practices, which can really give them an edge. Relationships are difficult, but various studies show that they can be managed. Jackson (2009) concluded that the reality about organizational relationships is that they are just like any other relationships, they require lots of effort to maintain and they must be mutually beneficial to all the stakeholders.



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