

## Evaluating Human Resource Accounting In Relation To Employee Compensation And Performance In Private Hospitals Of Manipur

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### Abstract

This investigation evaluates complex links between Human Resource Accounting (HRA) processes, employee compensation, and performance in Manipur's private hospitals. A study of 300 respondents from Manipur's hospitals was conducted to collect information on performance appraisal methods, remuneration and benefits, and HRA procedures. The study's goals were to evaluate the efficacy of performance appraisal systems and their relationship to HRA practices, to examine impact of compensation, moreover, benefits on employee performance, and to analyse relationship between HRA practices and employee remuneration.

The study's conclusions offer insightful information on the strategic management of hospital human resources, pointing out areas that need work to boost worker enthusiasm, output, and organizational effectiveness. Hospital managers and legislators may use the study's findings to guide the creation of efficient HRA procedures, pay plans, and performance evaluation systems that promote organizational success. With useful ramifications for hospital administration, this study adds to the corpus of evidence already available on HRA procedures, employee pay, and performance in the healthcare industry.

**Keywords:** Human Resource Accounting, Employee Compensation, Performance Appraisal, Hospital Management, Manipur, Healthcare Sector, Organisational Performance.

### 1. Introduction

Human Resource Accounting (HRA) is regarded as a vital tool for organisations to evaluate the worth of their human capital and to guide decisions related to employee development and compensation (Likert, 1967). Human resources are essential in providing high-quality patient care in healthcare industry. A good HRA policy can significantly affect both organisational success and employee satisfaction. The healthcare sector is a labour-intensive one. The abilities, motivation, and expertise of healthcare personnel frequently have direct impact on quality of service offered. Consequently, to improve patient outcomes and accomplish organisational objectives, healthcare organisations are increasingly realising how important it is to invest in their human resources.

India's healthcare sector is quickly expanding, with an increasing need for high-quality healthcare services (Baruah, 2018). However, the industry has substantial obstacles in human resource management, such as a lack of competent healthcare professionals, poor training, and restricted resources (Narasimhan et al., 2016). The Indian healthcare business is comprised of both public and private providers, with differing degrees of infrastructure, technology, and human resources. Effective HRA strategies can assist Indian healthcare organisations in meeting the issues and improving their overall performance. Healthcare

organisations in India can improve patient care, minimise turnover, and increase work satisfaction among healthcare professionals by valuing human resources and investing in staff development.

Manipur (a state in northeastern India) faces unique healthcare challenges, including restricted access to rural healthcare facilities and a shortage of qualified healthcare staff. The state's healthcare system is still growing, and there is a need for more healthcare professionals, especially in rural areas. Given the state's unique conditions, it is vital to investigate the HRA methods employed by Manipur hospitals and how they affect staff salary and performance. Understanding relationship among HRA practices, employee remuneration, moreover performance enables healthcare organisations in Manipur to develop successful strategies for attracting, keeping, and motivating healthcare workers, thereby improving patient care.

With an emphasis on performance assessment methods, staff competence development, and behavioral control, present investigation attempts to assess relationship among HRA practices, employee remuneration, as well as performance in Manipur's hospitals. The results of the study will provide light on hospitals' strategic HR management, emphasizing areas for enhancing worker motivation, output, and organizational effectiveness. The study's findings can assist hospital administrators and policymakers in developing successful HRA policies, pay structures, and performance assessment systems that promote organisational success.

## 2. **Research Background**

The healthcare business is a complex and dynamic sector that has a substantial effect on individual and community health outcomes. Hospitals, in particular, are critical components of the healthcare system, providing life-saving medical treatments to patients. However, hospitals have major challenges in providing high-quality patient care while being efficient. Employee performance and happiness significantly influence hospital performance, patient satisfaction, and overall healthcare quality. Studies show that those who are happy in their employment and workplaces are more likely to serve patients well, have better patient outcomes, and be more productive.

Employee performance and happiness may be significantly impacted by organizational procedures such as performance review, capability development, behavioral control, incentive and pay schemes, and training and development initiatives. These techniques could impact staff motivation, engagement, and commitment, influencing patient care and hospital performance. Despite the significance of these organisational practices, more research is needed to evaluate their relationship with employee and hospital performance, particularly in the hospital context.

Understanding these relationships may help hospital administrators and policymakers establish evidence-based strategies for enhancing staff and institutional performance, leading to better patient care and outcomes. By examining the connections between organizational practices and Improved Employee and Hospital Performance (IEHP), with an emphasis on Employee Perceptions and Satisfaction (EPS) as a crucial predictor, present work seeks to add to body of knowledge already in existence. By exploring these relationships, this study intends to obtain insight into factors that affect hospital performance and identify possible areas for improvement.

### 3. Problem Statement

Although hospitals play essential role in providing high-quality patient care, many healthcare organizations find it difficult to increase staff satisfaction and performance, which can negatively impact patient outcomes, employee retention, and hospital performance as a whole. There is a specific need to understand the relationships between organisational practices (such as performance appraisal, capability development, behavioural regulation, compensation and reward systems, as well as training and development initiatives) and IEHP. Purpose of this study is to determine influence of organisational practices on IEHP, as well as the function of Employee Perceptions and Satisfaction (EPS) in this connection. This study intends to give insight into the elements that drive hospital performance and identify possible areas for improvement, resulting in better patient care and outcomes.

### 4. Review of Literature

#### 4.1. Compensation and Benefits

**David and Steve (2023):** In their paper, the firm acknowledged the value of wages and benefits in increasing employee performance, and pay plans should encourage employees to seek new solutions.

**Armstrong M. (2005)** feels that one of the most important aspects of human resource management is pay management. There is a one-way link between employee performance and compensation, according to researchers. Both monetary and tangible perks given to employees as part of their employment contract are referred to as compensation. In addition, the word "compensation" frequently describes a monetary payment made to a recipient. In exchange for their contributions to the company, employees earned both monetary and non-monetary incentives.

#### 4.2. Training and Development

**Atmaja HE, Nelfianti F, Elyana I(2023):** Training and development are intended to integrate new employees into the business culture and encourage change. Training new employees to acquire or upgrade skills is critical for executing organisational transformation. Training alone does not promote workforce motivation. Nonetheless, it is an essential tool that businesses may use to achieve their long-term goals..

**Raziur R, Kishor CS (2022):** Employees are trained to foster company culture and productivity, which leads to rewards and recognition. Employee performance is greatly impacted by training since it lasts the entirety of a worker's career. Training encourages employees to engage in scheduled events, support the firm's efforts, and work hard to attain organisational objectives. Furthermore, well-trained staff help businesses realise their goals.

#### 4.3. Performance Appraisal

**Mbabazi (2023):** Evaluating employee performance constitutes a fundamental aim of HRM processes in organisations. An efficient performance review would assist staff members in strengthening their areas of weakness. Performance reviews are thought to improve workers' job performance.

**Milna R (2023):** This is because Milna claims that efficient employee motivation is positively and significantly impacted by performance appraisal systems, which involve the use of appropriate instruments and incentives. This, in turn, indirectly improves the employees' job

performance. Furthermore, expectation theory states that the outcomes of performance assessments are directly related to the employees' output of labour.

**Oliver et al. (2022):** In their paper, he has clarified that productivity was impacted by an employee's degree of effort, commitment, and inventiveness towards their work within an organisation. These elements were considered when evaluating their performance. As a result, a critical evaluation of the performance review's findings is crucial since it not only forecasts an employee's performance but also may indicate that the employee needs incentives, training, development, and counselling.

## **5. Research objectives, research questions, and hypotheses**

### **5.1 Objectives**

- To investigate the nature and types of performance assessment procedures used in Manipur hospitals.
- To examine the major objectives of performance assessment systems in terms of employee capability development and behavioural regulation.
- Determine the link between hospital performance evaluation processes and personnel compensation/reward systems.
- To look into how well performance appraisal systems and staff training activities are integrated.
- Determine workers' attitudes and satisfaction levels with present hospital performance assessment methods.

### **5.2 Research Questions**

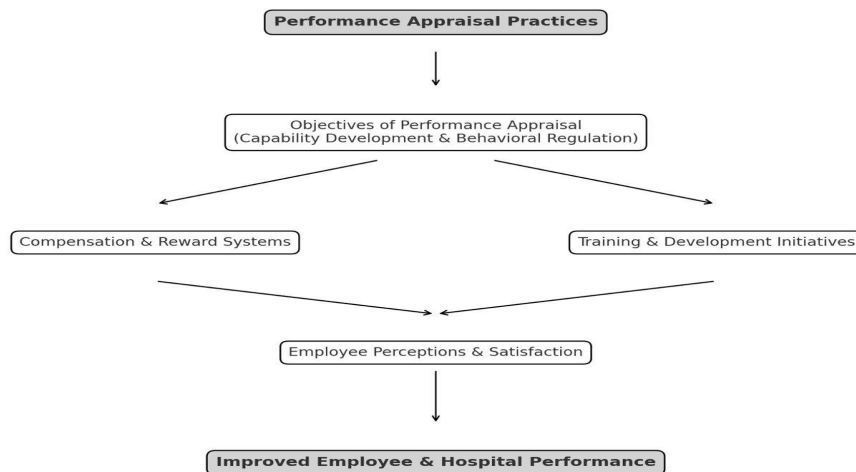
- To what extent do Manipur hospitals' present performance review procedures improve worker performance and growth?
- How well do hospital performance review systems match the goals of behavioural control and staff competency development?
- What kind of connection exists between hospital staff remuneration and incentive systems and the results of performance reviews?
- To what extent do hospital staff training programs and performance evaluation systems interact, and how does this affect worker performance?
- What aspects of hospital performance review procedures affect employees' satisfaction levels, and how may these procedures be made better?

### **5.3 Hypothesis**

- Ho1: Performance appraisal practices have no significant association with employee capability development in hospitals.
- Ho2: Performance appraisal systems are not significantly correlated with employee training initiatives, and this lack of integration has no impact on employee performance.
- Ho3: Employee compensation and reward systems are not directly influenced by performance appraisal mechanisms.
- Ho4: Employees' perceptions of fairness and transparency in performance appraisal practices have no significant impact on their satisfaction levels.

### **5.4 Conceptual framework**

The conceptual foundation for this investigation is depicted in Figure 1. Performance Appraisal Practices, Performance Appraisal Goals (Behavioural Regulation, Capability Development), Compensation & Reward Systems, and Training & Development Initiatives are independent variables considered in present investigation. Employee perceptions and satisfaction, as well as enhanced employee and hospital performance, are the study's dependent variables.



**Fig:** Conceptual Framework

## 6. Research Methodology

### 6.1 Research Approach

The present investigation employed a deductive (quantitative) technique in conjunction with a positivist approach. Overall structure of a quantitative design is supported by the scientific method. Using deductive reasoning, researcher formulates a hypothesis, gather information to investigate the subject, and then, after analysis and conclusions have been presented, use the study's evidence to prove the hypothesis true. Respondents received a series of questionnaires to gather data. Given the nature of respondents' jobs, the questionnaire was selected as the method for collecting data. Because of their hectic schedules, working in the healthcare sector is quite taxing. As a result, respondents can fill out the questionnaire whenever they have time.

### 6.2 Population and Sample

The study's sample comprises ten private hospitals that were chosen at random from Manipur. A total of 300 respondents (10 hospitals x 30 respondents per hospital) were chosen from each of these 10 hospitals. Getting a representative sample of Manipur's medical professionals is the goal of this sampling strategy.

### 6.3 Data Collection and Analysis

- Primary data was gathered from private hospitals in the Imphal West District using a standardised questionnaire.
- Secondary Data: Journals, articles, websites, books, the Directorate of Health Services, and existing literature on HRA, hospital administration, and related subjects were the sources of secondary data. The collected data had been assessed employing both descriptive and inferential statistics. Additionally, analysis was done using SPSS program.

## 7. Findings and Discussions

### Reliability Analysis

**Table 1** displays the reliability analysis for each construct employed in the study. All constructs had values larger than 0.7, confirming their validity and reliability.

Construct	Cronbach's Alpha
Performance Appraisal Practices (PAP)	0.85
Capability Development (CD)	0.82
Behavioural Regulation (BR)	0.78
Compensation & Reward Systems (CRS)	0.75
Training & Development Initiatives (TDI)	0.88
Employee Perceptions & Satisfaction (EPS)	0.90
Improved Employee & Hospital Performance (IEHP)	0.85

**Table 1:** Reliability Analysis

**Table 2** shows Mean and standard deviations for the study. Data suggests that employees generally have positive perceptions about their work environment, with high satisfaction levels and effective capability development, but may have some concerns about compensation and rewards.

Variable	Mean	Standard Deviation
Performance Appraisal Practices (PAP)	3.8	0.7
Capability Development (CD)	4.1	0.6
Behavioral Regulation (BR)	3.9	0.8
Compensation & Reward Systems (CRS)	3.5	0.9

Variable	Mean	Standard Deviation
Training & Development Initiatives (TDI)	4.0	0.7
Employee Perceptions & Satisfaction (EPS)	4.2	0.8
Improved Employee & Hospital Performance (IEHP)	4.1	0.7

**Table 2:** Descriptive Analysis**Correlation Analysis**

Table 3 illustrates how correlation analysis uncovers a complicated network of connections between different organisational policies and results, offering important new information on the dynamics of employee performance and perceptions. Performance Appraisal Practices (PAP) are at the centre of these relationships. They have strong positive correlations with Training & Development Initiatives (TDI), Behavioural Regulation (BR), and Capability Development (CD), suggesting that good performance appraisal practices are directly linked to growth as well as development of employees. PAP and CD have a good link ( $r = 0.73$ ), which implies that regular and positive performance reviews are essential for pinpointing areas where employees need to grow and for guiding training programs. Relationship among Performance Appraisal Practices (PAP), moreover, Training & Development Initiatives (TDI) ( $r = 0.71$ ) underscores importance of aligning performance reviews along developmental programs for enhancing employee knowledge as well as skills. Moreover, Employee Perceptions and Satisfaction (EPS) show a positive correlation with PAP ( $r = 0.63$ ), Capability Development (CD) ( $r = 0.58$ ), and TDI ( $r = 0.61$ ). This implies that if workers feel their employer is investing in their development and well-being, they are more likely to be happy in their roles. Additionally, the high correlation ( $r = 0.72$ ) between EPS and Improved Employee & Hospital Performance (IEHP) indicates that a key factor influencing organisational performance is employee happiness. Although EPS ( $r = 0.46$ ) and IEHP ( $r = 0.43$ ) also have positive relationships with Compensation & Reward Systems (CRS), the comparatively smaller correlations imply that while compensation and incentives may be significant, they are not the main factors influencing employee satisfaction and organisational performance. In order to increase employee satisfaction and propel organisational success, the report recommends that companies prioritise efficient performance evaluation procedures, fund staff development programs, and cultivate a happy work atmosphere. By doing this, businesses can establish a positive feedback loop of development and enhancement, whereby employee growth and contentment lead to better results and performance.

	PAP	CD	BR	CRS	TDI	EPS	IEHP
PAP	1	0.73**	0.68**	0.56**	0.71**	0.63**	0.59**
CD	0.73**	1	0.65**	0.51**	0.69**	0.58**	0.55**

<b>BR</b>	0.68**	0.65**	1	0.48**	0.62**	0.54**	0.52**
<b>CRS</b>	0.56**	0.51**	0.48**	1	0.53**	0.46**	0.43**
<b>TDI</b>	0.71**	0.69**	0.62**	0.53**	1	0.61**	0.57**
<b>EPS</b>	0.63**	0.58**	0.54**	0.46**	0.61**	1	0.72**
<b>IEHP</b>	0.59**	0.55**	0.52**	0.43**	0.57**	0.72**	1

**Table 3:** Correlation Analysis

**Correlation Coefficients:**

- PAP: Performance Appraisal Practices
- CD: Capability Development
- BR: Behavioural Regulation
- CRS: Compensation & Reward Systems
- TDI: Training & Development Initiatives
- EPS: Employee Perceptions & Satisfaction
- IEHP: Improved Employee & Hospital Performance

**Multiple Regression Analysis**

Table 4 represents that regression model fits well, as indicated by a high coefficient of determination ( $R = 0.85$ ), indicating strong association among predictor variables and outcome variable. Model accounted for 72% of the variation in Improved Employee and Hospital Performance ( $R^2 = 0.72$ ), with an adjusted  $R^2$  value of 0.69 showing its explanatory power after accounting for the number of covariates. Table 5 shows that Employee Perceptions and Satisfaction (EPS) is a significant predictor of Improved Employee and Hospital Performance (IEHP) with a beta value of 0.55 ( $p < 0.001$ ). This suggests that for every one-unit increase in EPS, IEHP is expected to grow by 0.55 units, while all other variables stay constant, underlining the relevance of employee pleasure in driving organisational performance. Other variables, such as performance appraisal practices, capability development, behavioural regulation, compensation and reward systems, and training and development initiatives, did not reach statistical significance, but their positive beta coefficients suggest that they may contribute to IEHP. R-squared value of 0.72 indicates that independent variables account for around 72% of the variation in IEHP, implying that the model fits the data well.

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
<b>0.85</b>	<b>0.72</b>	<b>0.69</b>	<b>0.35</b>

**Table 4. Multiple Regression Model Summary**



Variable	B	Std. Error	Beta	t	Sig.
(Constant)	0.50	0.20		2.50	0.01
PAP	0.15	0.08	0.18	1.88	0.06
CD	0.10	0.09	0.12	1.11	0.27
BR	0.08	0.07	0.10	1.14	0.26
CRS	0.05	0.06	0.06	0.83	0.41
TDI	0.12	0.08	0.14	1.50	0.14
EPS	0.50	0.08	0.55	6.25	<0.001

**Table 5.** Multiple Regression Coefficient

## 8. Conclusion

The factors influencing Improved Employee & Hospital Performance (IEHP) are helpfully highlighted by this study. The data indicate that Employee Perceptions & Satisfaction (EPS) is a major predictor of IEHP, emphasising the importance of employee satisfaction in driving organisational performance. The study's conclusions have important consequences for lawmakers and hospital management. Hospitals that prioritise employee satisfaction and perceptions have the potential to increase individual and organisational performance, resulting in better patient care and results.

The study's findings also indicate that other organisational practices, such as performance appraisal practices, capability development, behavioural regulation, compensation and reward systems, as well as training and development initiatives, may contribute to IEHP, though their effects were not statistically significant in this study. All things considered, this study contributes to our knowledge of the complex relationships between organizational procedures and hospital and staff performance, setting the stage for further investigation and impacting initiatives to enhance hospital performance.

Considering these findings, hospital managers and policymakers should prioritise activities that increase employee satisfaction, such as providing financing for employee engagement programs, improving communication channels, and recognising employees for their achievements. By doing this, they may create a productive workplace that promotes worker motivation, job satisfaction, and output. Our results suggest that hospital administrators should allocate resources to support employee well-being, provide opportunities for growth, and foster an atmosphere that encourages open communication and honest criticism.

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