

Effect of Career Development on Employee Performance at the Aga Khan University Hospital

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Abstract

The problems facing private hospitals in Kenya have originated from inadequate financial resources and rapid expansion that has resulted in a stiff competition attracting the right fit of the workforce specialized in carrying out complex procedures and operations as well as meeting the set health standards by the World Health Organization. The study was geared towards establishing the effect of career development on employee performance at the Aga Khan University Hospital. The research design adopted was a descriptive survey design. The target population was 297 staff of AKUH and a sample size of 100 employees. It used self-administered structured questionnaires as the data collection instruments. Quantitative data collected was analyzed using descriptive and inferential statistics. The findings indicated that career development ($\beta_1 = 0.327$, $P = .041$) had a positive and significant effect on employee performance at the Aga Khan University Hospital. The study concluded that career development positively and significantly affects employee performance at the Aga Khan University Hospital. As such, this study recommends the need for the Aga Khan University Hospital management to strengthen career development as a non-financial incentive. It should ensure that employees have equal opportunities for training, there is continuous learning and there is enhanced interpersonal and communication skills among the employees.

Keywords: *Career development, Employee performance, Aga Khan University Hospital*

1.0 Introduction

Following globalization, organizations are concerned about how to manage and implement appropriate Human Resource Management (HRM) practices to fit the global as well as the local context of their operations. According to Almas, (2013) non financial incentives and Employees performances have been a major challenge for many organization. The major trends for reward management in the twenty-first century have set new challenges (Opote, 2010). According to Njaga (2013) incentives include systems, programs, and practices that influence the actions of people. The purpose of an incentive is to provide a systematic way to deliver positive consequences that contribute to the desired employee performance. Armstrong (2012) is of the view that when rewards are well managed, the desired performance is achieved efficiently and effectively since the employees get a sense of mutual

gain. This gain is always interterm with the organization as well as with the employee in the attainment of the defined target or goals.

Incentives play a vital role in determining the significant performance in a job and it is positively associated with the process of performance. Khan (2015) argued that two factors determine how much a reward is attractive, first is the amount of reward, which is given, and the second is the weightage an individual gives to a certain reward. White and Druker (2013) emphasize that reward management systems are meant to complement and reinforce business strategies. According to Danish (2010), effective reward management leads to increased employee motivation, and this may, in turn, enhance employee performance.

The private hospitals' sector in Kenya consists of hospitals whose purpose is making a profit and those that are non -profit-making. They are responsible for the generation of taxes and income as they continue to operate in the market. The government of Kenya has continued to make reforms in the health sector but a trend is seen where people are continuing to prefer Private hospitals for the provision of the different services. Private hospitals are then mandated to improve their services to ensure that they continue to provide services that are of quality in comparison with Public Hospitals. There is the willingness of the patients to pay for the cost of the services that they receive in the Private Hospitals in Kenya when assured that they will receive quality services. Hence, the desired expectation of high service quality is required (Mokaya & Kanyagia, 2012).

Globally, as highlighted by CIPD (2015) showed that the benefits offered to all employees were irrespective of grade or benefit scheme which entailed different types of benefits. A survey carried out in Nigeria by KPMG (2015) points out that 44% of employers have a formal recognition program in place, while 41% have both structured and informal performance recognition programs in place. The recognition awards are mostly in the form of gift vouchers, items, plaques, certificates, and cash. According to the Government of Kenya (GoK, 2010) report on Evaluation of Performance and Contracting, proposals were put across that the Government introduces a reward and sanctions scheme to boost the impact of Performance contracting in the public service. These proposals have been informed by the fact that public officials would feel more enthusiastic about participating in an exercise that promises some reward.

Non-financial incentives are non-monetary gains that influence people through non-material rewards like; recognition, giving more responsibility, praise in the public (Musaazi, 2012). Non-financial incentives are believed to affect performance either negatively or positively. Maicibi (2010) in his definition of the same includes indirect financial rewards arising from work itself, such as achievement and autonomy. La Belle (2005) posits that different individual have different perceptions of non-financial incentives and believes that such factors are the main driving force of satisfaction and that they help boost the employee to work harder and better, due to the motivation that it brings about.

Employee performance is defined as the achievement of set standards in terms of accuracy, and completeness over a specified period (Afshan et al., 2012). The level of employee performance is dependent not just on their actual skills b]ut also on the level of motivation exhibited by a specific individual. Effective staff uses their skills and capabilities to do their assigned tasks in the right way. All the activities performed by staff in an organization regardless of their sections or departments are interrelated and affect the overall performance of the organization. It is important, therefore, that all departmental heads understand that the

ineffectiveness of employees under their supervision adversely affects the performance of the entire organization. This poor performance lowers the organization's competitive advantage in the market (Chei et al., 2014).

1.1 Problem Statement

The spirited nature of the work environment in the health sector requires that entities understand and implement strategies that boost employee's performance. However, in the recent past, the private health sector has experienced high staff turnover of health professionals relocating to advanced countries, and poor service quality to patients that has resulted to loss of lives (Chebet et al., 2015). The problems have also been attributed to inadequate financial resources and rapid expansion that has resulted in stiff competition attracting the right fit of the workforce specialized in carrying out complex procedures and operations and meeting the set health standards by World Health Organization. According to the Ministry of Health, staffing trends (2005 -2009) indicated that the rate of medical personnel that had existed during the same period stood at doctors 972, clinical officers 356, nurses 1,964, nursing officer 461, and medical lab technologist were 185 (MOH, 2019).

High staff turnover is a well-pronounced trend in Private Hospitals in Kenya, Skilled labor migration has been lately experienced and has posed a major problem being faced by the health care private institutions (Ahmed, 2011). The Aga Khan Hospital University has experienced high staff turnover where the staff has been recruited by high profile recruitment agencies such as AVERT specifically because the institution is accredited by the Joint Commission International Accreditation. Employees relocating abroad are highly paid and well-compensated in terms of allowances, career development, and exposure. They are also given opportunities to settle with their families and all costs catered for. This has seen a mass exodus of staff especially nurses at AKUHN.

Previous studies such as Pratheepkanth, (2011); Qureshi et al. (2010); and Armstrong, Reilly, and Brown (2011) all argue that organizations' incentive systems have both positive and negative effects on employee performance. Udi (2010) established that lack of adequate reward and compensation and lack of career development influenced staff to leave their institutions. Studies by (Radivoev, 2005; Omari eta Gaiduk et al, 2009) as cited by Ngethe (2013) indicated that employee retention is a pertinent issue globally. However, these studies were not conducted in the hospitality set up and in the local context. It was therefore against this background that the current study aimed to address this gap by determining the role of non-financial incentives on employee performance in Aga Khan University Hospital (AKUH).

1.2 Objective of the Study

The aim of the study was to determine the effect of career development on employee performance at the Aga Khan University Hospital.

2.0 Literature Review

2.1 Theoretical Framework

Social exchange theory was developed by Homans (1958) and refers to voluntary actions that may be initiated by an organizations' treatment of its employees, with the expectation that the employees will be obligated to reciprocate the good deeds of the organization (Fathaniy, 2011). The exchange perspective views the employment relationship as consisting of social

or economic exchanges (Rupp & Bryne, 2003). Economic exchange relationships involve the exchange of economic benefits in return for employees' effort and are often dependent on formal contracts that are legally enforceable (Blaue, 1964). On the other hand, social exchanges are 'voluntary actions' which may be initiated by an organization's treatment of its employees with the expectation that the employees will be obligated to reciprocate the good deeds of the organization (Davies & Gould-Williams, 2005). The exchange approach view of organizational performance posits that individuals attach themselves to their organizations in return for certain rewards.

Social exchange theory has been used to study organizations in an attempt to better understand the reciprocal relationship that develops between employees and the organization (Baran, 2012; Bucklew, 2008). This suggests that when an organization treats its employees fairly and values their efforts and provides a comfortable working environment, the employees will feel obligated to support the organization to achieve its goals (Restubog, 2013). The employee's act of support can include higher organizational performance and loyalty which results in lower levels of intention to leave the organization (Allen et al., 2003). Furthermore, Allen, Shore, and Griffeth (2003) argued that employees who do not get any support from their organization are likely to leave for an organization that they feel will treat them better.

2.2 Empirical Review

A study conducted by Kibui, Gachunga, and Namusonge (2014) on the role of career development on employee performance at Kenya Forestry Research Institute. The study adopted a case study design method and the target population was stratified as top management, middle-level management, and lower-level staff. The sample size calculated was 100 employees. A stratified sampling technique was used. It was noted that the respondents agreed to the statement that a career development plan for employees plays a vital role in building performance which results in the retention of employees. The study further revealed an analysis of data with Pearson-product moment correlations and stepwise multiple regression analysis that career development

According to a study done by Khan, Rajasekar, and Al-Asfour (2015) on career development and performance within Malaysian commercial banks, found that banking sectors in Malaysia provided career development programmes to its employees. a sample of 135 respondents was used and the sampling techniques were both simple random and purposive. Simple random sampling described that the number of sampling population has an equal probability being selected while purposive sampling was used to obtain commercial banking management officials and human resource officers in the Malaysian banking sector. The study argued out that banks in Malaysia used career development as a tool that generally boosted employees to react positively to their growth and advancement opportunities. Thus, the career development was perceived as a joint effort between the individual employee and the organization which further restricted employees from leaving the organization and increased loyalty.

Studies conducted by Avickas (2011) on the effects of career and employee performance concluded that management can use multiple strategies to motivate employees in the banking industry. The study that targeted 450 employees from different banks argued that many employees were interested in non-financial incentives to give their best performance. The questionnaire was used to collect information from a large number of respondents in a short

period and a relatively cost-effective way. A positive correlation existed between career development and employee performance. He further found out that Lack of personal growth in organizations resulted in a career plateau that instead lead to increased employees' intentions to quit.

3.0 Research Methodology

The study adopted was a descriptive survey design. The target population was 297 staff of AKUH and a sample size of 100 employees. The study used a stratified random sampling method to sample respondents with the help of Fisher formula to compute the sample size. It used self-administered structured questionnaires as the data collection instruments. Quantitative data collected was analyzed using descriptive and inferential statistics.

4.0 Results and Discussion

4.1 Descriptive Statistics

The respondents were requested to rate their agreement or otherwise on statements relating to career development using a 5- Likert scale (strongly disagree meant a one, disagree was a two, neutral was a three, agree was a four and strongly agree was a five). The descriptive results are shown in Table 1.

Table 1: Descriptive Statistics on Career Development

Statements, N=84	SD	D	N	A	SA	M	Std. Dev
There are equal opportunities for training in this organization	4.8%	21.4%	11.9%	35.7%	26.2%	3.6	1.2
Training enables me to climb to higher job level	4.8%	9.5%	7.1%	44.0%	34.5%	3.9	1.1
There is continuous learning and performance improvement at my workplace	3.6%	13.1%	6.0%	40.5%	36.9%	3.9	1.1
I get lots of opportunities to use and develop my skills and career in this job	1.2%	9.5%	7.1%	41.7%	40.5%	4.1	1.0
I have excellent interpersonal and communications skills achieved through training	2.4%	10.7%	10.7%	39.3%	36.9%	4.0	1.1
Aggregate mean						3.9	1.1

The findings in Table 1 reveal that majority of the respondents with an aggregate mean score of 3.9 agreed with statements on career development. They noted that there are equal opportunities for training in this organization (62%), training enables them to climb to higher job level (79%), there are continuous learning and performance improvement at my workplace (78%), they get many opportunities to use and develop their skills and career in this job (83%), and they have excellent interpersonal and communications skills achieved through training (76%).

The findings concurred with Kibui, Gachunga, and Namusonge (2014) conclusion that the career development plan for employees plays a vital role in building performance, which results, in the retention of employees. Similarly, Khan, Rajasekar, and Al-Asfour (2015) established that career development as a tool that generally boosted employees to react positively to their growth and advancement opportunities. Additionally, Avickas (2011) noted that a positive correlation existed between career development and employee performance. He further found out that Lack of personal growth in organizations resulted in a career plateau that instead lead to increased employees' intentions to quit. The findings imply that career development is a critical determinant of employee performance.

4.2 Correlation between Career Development and employee performance

This sub-section provides findings on the correlation between career development (X) and employee performance (Y). The correlation analysis is used to show the relationship between the variables in terms of strength and direction. The results are shown in Table 2.

Table 2: Correlation Results; career development and employee performance

		Y	X1
Y	Pearson Correlation	1	
	Sig. (2-tailed)		
X	Pearson Correlation	.760**	1
	Sig. (2-tailed)	.000	

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

The findings in Table 2 indicate that career development, X ($r = .760^{**}$, $P = .000$), had a strong positive and significant correlation with employee performance (Y). This implies that an increase in career development is significantly associated with an increase in employee performance.

5.0 Conclusion

The study sought to determine the effect of career development on employee performance at the Aga Khan University Hospital. The correlation analysis results indicated that there was a significantly positive association between career development and employee performance. The study concluded that career development positively and significantly affects employee performance at the Aga Khan University Hospital. It is clear that career development is a significant contributor to employee performance. Several aspects of career development were identified as key including equal opportunities for training, continuous learning, and interpersonal and communications skills achieved through training.

6.0 Recommendations

Career development had a positive and significant effect on employee performance. As such, this study recommends the need for the Aga Khan University Hospital management to strengthen career development as a non-financial incentive. It should ensure that employees have equal opportunities for training, there is continuous learning and there is enhanced interpersonal and communication skills among the employees.

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