

# **The Impact of Physician Job Satisfaction on the Sustained Competitive Advantage of Health Care Organizations**

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*This paper employs the resource-based theory of the firm to explain the influence of human resources on the sustained competitive advantage of an organization. Based on previous conceptual and empirical literature, we posit that the presence of a high potential employee workforce, coupled with adequate human resource management policies, can result in improved profit generating potential. We developed a conceptual framework with several propositions that illustrate the associations between job satisfaction and organizational productivity. We apply this concept in the health care field, suggesting that the satisfaction of physicians' needs leads to greater organizational productivity and sustained competitive advantage.*

## **INTRODUCTION**

The health care system consists of a variety of actors and organizations connected through complex and evolving relationships. Despite this, physicians remain the key stakeholders within the system, delivering care to patients. Therefore, physicians' satisfaction with their daily work is critical to the successful operation of the whole system.

Recent literature has documented declines in job satisfaction among physicians (Skolnik, 1993; Adams, 2002; Williams, 2003). Skolnik et al. (1993) revealed that only 65% of family practitioners were satisfied with their jobs. This finding was reinforced by the results of a recent Kaiser Family Foundation poll, in which 58% of physicians surveyed reported a decline in their enthusiasm for the practice of medicine over the last five years (Adams, 2002). The potential impact of this decline has an effect on physicians themselves, on patients and on health care organizations. Evidence shows that increased job dissatisfaction among physicians leads to higher levels of burnout, mental problems and even suicide (Williams, 2003). From the patient's perspective, increased physician dissatisfaction has resulted in lower levels of compliance with medical treatment, increased medical errors and patient dissatisfaction (DiMatteo et al., 1993). Health care organizations experience economic consequences of increased job dissatisfaction in terms of higher turnover rates. Even though it is difficult to estimate actual costs of turnover, Buchbinder et al. (1999) projected that the cost to replace a single primary care physician averaged \$250,000. Waldman and colleagues (2004) argued that this amount could be doubled in cases of recruiting a senior physician (chair or chief), reaching \$500,000 per person.

From a theoretical point of view, job satisfaction has been correlated with higher productivity and organizational performance (Judge et al., 2001). Therefore, health care organizations should bolster employees' satisfaction through appropriate human resource management policies. Satisfied employees are more likely to become strong human assets, resulting in greater profit - generating potential. Furthermore, according to the resource-based theory of the firm, employees could contribute to a sustained competitive advantage for the organization (Barney, 1991).

The purpose of this paper is to assess the impact of physician job satisfaction on the sustained competitive advantage of health care organizations. This is achieved through a conceptual framework based upon the resource-based theory of the firm as well as evidence from scholarly literature. Propositions developed using the conceptual framework posit positive correlations between physician job satisfaction and organizational productivity. Moreover, assumptions regarding reciprocal relationships between job satisfaction and organizational productivity are presented. The exploration of the roles of these findings is discussed for future research and managerial implications.

## Theoretical Background

### *Job Satisfaction*

As ordinarily understood, job satisfaction encompasses people's feelings about their jobs. The classical explanation of job satisfaction is provided by Locke (1976), who defines it as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". Accordingly, job dissatisfaction is the unpleasurable emotional state resulting from appraisal of one's job as frustrating or blocking the attainment of one's values (Locke, 1976). Subsequent research has identified various antecedents and facets of job satisfaction that influence an individual's expectations, needs (physical and psychological) and values (Price et al., 1981).

Numerous theories have been employed to explain job satisfaction. Fundamental contributions to our understanding of the job satisfaction phenomenon were obtained from Hackman and Oldham's (1980) job characteristic theory. Additional theoretical approaches have been developed to investigate job satisfaction (Price & Muller, 1981; Miner, 1992; Eagly & Chaiken, 1993; Weiss, 2002). These approaches differ in perception of job satisfaction as an affect, attitude or behavior.

Despite the differences discussed above, most research has treated job satisfaction similarly. Job satisfaction has been measured as a global concept referring to overall satisfaction and as a facet-specific concept, referring to various aspects of a job (Nagy, 2002). Various scales have been used to measure facets of job satisfaction. The most widely used scales are: Job Satisfaction Survey (Spector, 1985), Job Descriptive Index (JDI) (Smith et al., 1969) and the Job Diagnostic Survey (Hackman & Oldham, 1980). The two most widely accepted job satisfaction instruments are the Job in General Scale (Ironson et al., 1989) and the Michigan Organizational Assessment Questionnaire Satisfaction Subscale (Camman, 1979). These instruments have been widely used and were adapted according to the needs of each industry (Spector, 1997). Most of these instruments assess similar components of job satisfaction. For instance, the Job Satisfaction Survey contains the following items: pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, coworkers, nature of work and communication. This scale uses a summated rating scale format (Spector, 1997).

The theoretical and measurement approaches discussed above have been used in the health care field, including nurse turnover research (Price & Muller, 1981; Mobley, 1982; Parasuraman, 1989). However, certain researchers have expressed skepticism about the applicability of occupational and organizational psychology approaches to measuring job satisfaction among medical staff (Godfrey, 1978; Schrader, 1981; Light et al., 1988). Despite this criticism, an extensive review of the literature has revealed few attempts to design individualized methodological approaches measuring job satisfaction in the health care field. However, it is worth noting the input of Williams and colleagues (1999), who designed a multidimensional satisfaction instrument and tested it on a nationally representative sample of primary care physicians in the United States (Williams et al., 1999). They identified the following relevant components of job satisfaction: autonomy, relationships with colleagues, relationships with patients, relationships with staff, personal time, community, pay, administration and resources. Other researchers

included in their models the impact of practice setting (Garcia-Pena et al., 2000), full-time versus part-time status, and time pressure during office visits (Linzer, 2000). A systematic review of the physician satisfaction literature reported by Scheurer et al. (2009) shows a variety of approaches and instruments for studying this construct. Certain antecedents yielded controversial relationships with job satisfaction. For instance, objective workload (actual number of visits per week) was not associated with satisfaction, whereas subjective evaluation of workload yielded significant relationship. Therefore, additional research is needed to identify the key determinants of physicians' job satisfaction in order to design appropriate working conditions.

There are relatively few studies identifying relevant determinants of physician job satisfaction. Despite this, research has shown a consistent and significant association between physician job satisfaction and intention to leave and turnover (Locke, 1983; Baker, 1993; Wright et al., 2000). Physician turnover has multiple consequences for health care organizations, impacting both the effectiveness and productivity of care delivery. Additionally, health care organizations that are affected by high turnover incur significant financial expenses (Berger et al., 1992). It is worth mentioning that these estimates include only the direct cost of turnover, such as hiring and recruitment expenses and costs of new employee training. However, researchers argue that direct costs account for only 15 to 30 percent of the total turnover costs (Razc, 2000; Schloss et al., 2009). A major portion of total turnover costs are indirect costs associated with the inefficiency of former employees leaving positions, new employees working without experience and the general impact of coworker loss on remaining employees (Schloss et al., 2009). These elements are difficult to quantify and to incorporate into turnover calculations.

One could argue that, in a highly changing and uncertain environment, the consequences of physician turnover might undermine the survival of a health care organization. Therefore, physicians' job satisfaction as an identified and predominant antecedent of turnover should be appropriately addressed in any organizational strategy. It is worth noting that employees' job satisfaction plays a great role not only in organizational survival but also in gaining the market advantage. Therefore, meeting physicians' needs could improve organizational performance for health care institutions. These relationships are reflected in the Resource-Based View (RBV) theory of the firm. This theory emphasizes the long-term effect of human resources on improving organizational performance and productivity. Without a doubt, any organization would prefer to have a strategy that improves productivity and creates a competitive advantage for a longer period of time. Health care organizations are not exempt from this rule; therefore, RBV theory could be applied to this industry as well. The following section briefly describes RBV theory with empirical evidence from various settings.

#### *Resource-Based View of the Firm*

Strategic management highlights the role of resources as important antecedents of firm performance (Priem, 2001). Therefore, researchers attempt to identify the characteristics of firm resources that could provide a unique advantage over competitors. The importance of firm resources in improving organizational performance is reflected in resource-based view (RBV) theory of the firm (Barney, 1991).

According to this theory, resources are defined as "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness" (Barney, 1991, p. 231). Accordingly, resources fall into three categories: 1) physical capital resources (plant, equipment), 2) human capital resources (human capital pool, human resource practices) and 3) organizational capital resources (firm's structure, planning, controlling, coordinating systems). Barney argued that not all resources will contribute to conceiving and implementing valuable strategies to improve a firm's performance. However, RBV theory attempts to identify the attributes of the firm's resources that will lead to improving efficiency and effectiveness and provide a sustained competitive advantage for the firm.

Barney (1991) presented two basic assumptions for identifying a firm's valuable resources. First, resources are distributed heterogeneously across firms. Second, these productive resources cannot be transferred from firm to firm without cost (Barney, 1991). Given these assumptions, he formulated two fundamental arguments about firm resources. First, resources that are both rare and valuable can produce

a competitive advantage. Valuable resources are defined as ones that contribute to firm efficiency and effectiveness. Second, resources must have certain characteristics in order to produce a long-lasting advantage. These resources should be difficult to imitate, substitute and transfer from one organization to another.

Subsequent research has demonstrated that firms can achieve a sustainable competitive advantage from such sources as information technology (Powell, 1997), strategic planning (Michalisin et al., 1997), organizational alignment (Powell, 1992), trust (Barney & Hadsen, 1994) and others. Among other resources, the role of human resources has yielded considerable controversy (Boudreau, 1991; Jones & Wright, 1992; Huselid, 1995). In general, organizations turn their attention to human resource interventions primarily when they have excess profit. During economic declines, the importance/relevance of employee and human resource practices are abandoned (Boudreau, 1991).

The application of RBV theory to human resources has created a debate over the specific human resource elements that serve as a source of sustained competitive advantage (Capelli, Singh, 1992; Wright, 1994). Capelli et al. (1992) proposed that certain human resource policies have the potential for improving a firm's effectiveness. However, Wright et al. (1994) were highly critical of this view, indicating that human resource policy could be imitated by competitors. Rather, they proposed that human capital, if highly skilled and motivated, has greater potential for the creation of sustained competitive advantage (Wright et al., 1994). These researchers applied Barney's (1991) core arguments to human capital. They argued that employees can provide a source of sustained competitive advantage when the following requirements are met. According to Barney (1991), resources must add value to the firm's production processes; therefore, levels of employee performance must matter. Resources must be rare; therefore, the employees' skills must be rare as well. Barney's argument about difficulty in imitability could also be applicable to human capital, because the firm is able to qualitatively differentiate its employees from those of its competitors. Furthermore, a firm's human resources must not be replaceable by technological advances or other substitutes. This requirement is subject to certain limitations depending on the firm's environment and specifics of the industry. For example, labor-intensive industries have higher potential for substituting technologies for human capital, whereas knowledge-intensive industries have less flexibility in this matter.

Following this debate, a more comprehensive view on human resources was proposed (Boxall, 1998). According to Boxall, the superiority of one firm's human resources over another's depends on two elements: human capital advantage (employees with potential for productive possibilities) and human process advantage (adequate human resource policies). Therefore, firms should satisfy employees' interests to create a committed workforce. Following this, appropriate human resource management (HRM) policies should be adopted in order to align human capital with a firm's overall strategy (Boxall, 1998).

### *Empirical Applications of Resource-Based View Theory*

RBV concepts have been used to analyze relationships within human resource management in various settings. One of the early applications of RBV is found in a study by Huselid (1995). The author proposed that HRM practices could indeed create a source of sustained competitive advantage. Moreover, he revealed a relationship between HRM practices (High Performance Work Systems) and employee turnover and gross rate of return on assets (Huselid, 1995). This study provided evidence of the potential impact of HRM practices on financial and market-based performance of organizations.

Applying RBV concepts to samples of business units yielded similar results (Koch et al., 1996). The authors argued that specific HRM policies are able to acquire a unique stock of human capital that is hard for competitors to imitate and will increase labor productivity. They argued that "a highly productive workforce is likely to have attributes that make it a particularly valuable strategic asset" (p. 335). They found that "setting-specific" HRM practices that are able to attract and retain employees are positively associated with labor productivity. This relationship appeared to be stronger in capital-intensive organizations.

RBV logic has been used to assess the impact of racial diversity on firm performance. Richard (2001) analyzed a sample of banks and found that racial diversity provides value by ensuring a variety of perspectives. Therefore, socially complex dynamics inherent in diversity lead to its inimitability. Results of the research revealed that diversity was positively related to productivity, return on equity and market performance.

It is worth mentioning that empirical applications of RBV concepts take a variety of forms. However, they all follow a common underlying logic: human resource activities lead to the creation of a skilled workforce, which will engage in the functional behavior of the firm, resulting in higher productivity and performance.

### *Human Resources in Health Care*

In health care, human resources are comprised of human capital (clinical, administrative and other staff) and various HRM policies that are implemented in the organizations. In this field, the value of human capital cannot be underestimated. Despite modern technological innovations, only individuals with appropriate knowledge and skills are able to provide care to patients. Among clinical staff, physicians are viewed as prominent stakeholders who are responsible for providing services to clients, i.e. patients. According to RBV theory, physicians can be viewed as a source of sustained competitive advantage. This proposition can be supported by the following arguments. Physicians possess unique knowledge and skills that are rare and difficult to acquire. Moreover, combined physician capital is relatively difficult to imitate within other health care organizations, because each physician possesses a distinct array of knowledge and skills. Finally, it is problematic to substitute technology for a physician in the process of care delivery to patients. Therefore, it could be argued that physicians are a source of sustained competitive advantage that contributes to organizational productivity and performance.

There is growing interest in exploring the role of human resources in health care organizational performance. Recent research has focused on the links between staffing levels, staffing mix and outcomes (Sovie et. al., 2001; Aiken et al., 2002). Findings from these studies demonstrate that higher staffing levels and/or staffing mix are related to "better" patient outcomes (lower mortality rates, needle stick injuries, or infections; higher patient satisfaction) (Sovie et. al., 2001; Aiken et al., 2002). These studies shed light on the role of HRM in health care; however, due to methodological limitations (small sample size, cross-sectional design), they were not able to reveal the relative importance of human resources in health care. Moreover, previous research has not attempted to apply concepts of RBV theory in examining the relationship between human resources and organizational productivity. As was mentioned earlier, RBV theory was successfully employed to investigate the role of human resources in other industries (Huselid, 1995; Koch et al., 1996; Richard, 2001). Presently, research has focused on discrete human resource components, such as determinants of job satisfaction among different medical staff members (Williams et al., 1999; Garcia-Pena et al., 2000; Linzer, 2000) or the link between HRM and patient care quality (Eaton, 2000; Kochan, 1994). However, no attempts have been made to bridge distinct elements of human resources to assess the potential for creating a sustained competitive advantage for organizations in health care.

As was emphasized earlier, human capital itself does not ensure higher performance (Boxall, 1998). Therefore, health care organizations should design appropriate, setting-specific HRM policies that satisfy employees' needs and motivate them toward higher productivity. According to RBV theory, this approach should create a relative productivity advantage and improve organizational efficiency and effectiveness (Barney, 1991). Supportive evidence in health care was found in nursing (Kramer et al., 1991). Several hospitals were able to successfully recruit and retain professional nurses during a national nursing shortage in the early 1980s (Brady-Schwartz, 2005). These organizations were labeled as "magnet hospitals". These institutions were able to design HRM policies that attracted and retained well-qualified nurses and therefore consistently provided quality care. The key characteristics of HRM policies employed in magnet hospitals are: clinical career opportunities, planned orientation of staff, and emphasis on in-service/continuing education. These HRM policies contribute to decreases in nurse turnover and increases in nurse job satisfaction (Kramer et al., 1991). Moreover, Aiken et al. (1994) revealed that

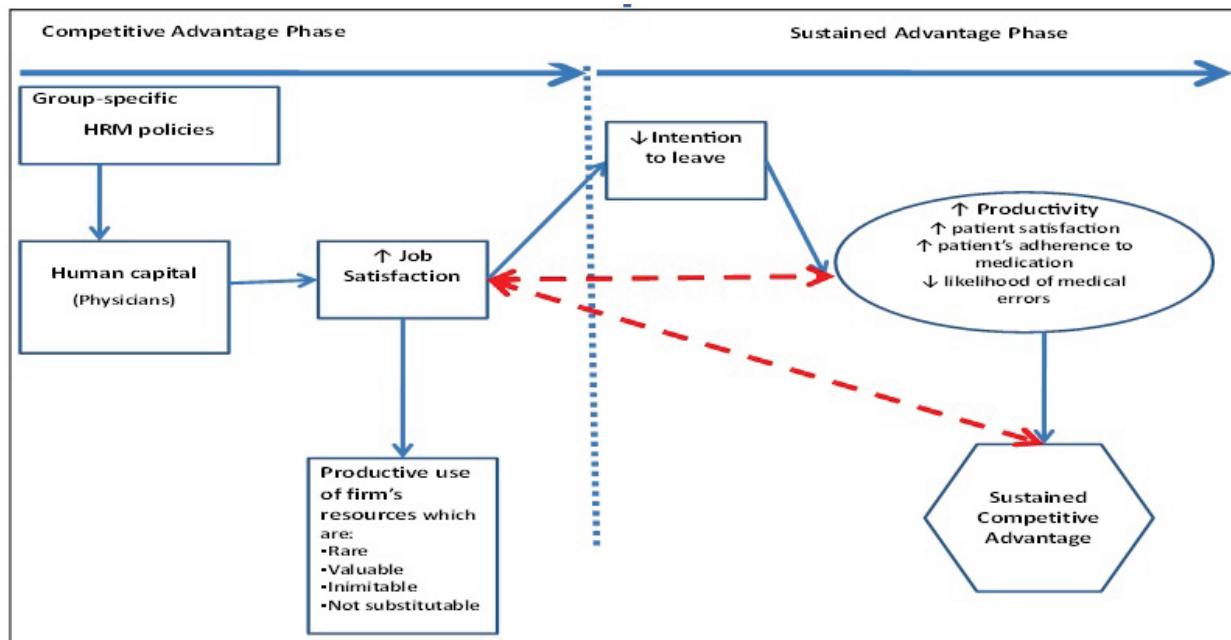
magnet hospitals have lower mortality rates for Medicare patients in comparison with matched hospitals without the above-mentioned HRM policies in place (Aiken et al., 1994). The main message from this example is that “magnetism” (setting-specific HR policies) appears to be related to “better” staffing indicators and improved quality of care.

Thus, the theoretical literature suggests that the behavior of employees within an organization has important implications for a firm’s performance (Barney, 1991; Wright et al., 1994). Empirical research provided support for these relationships, revealing that motivated and satisfied employees have higher productivity (Huselid, 1995; Koch et al., 1996; Richard, 2001). Therefore, it could be argued that the design and implementation of HRM interventions that fit with employees’ needs and demands will enhance an organization’s human asset complement and create sustained competitive advantage. Evidence from “magnet” organizations supports the relationship between employee job satisfaction and better hospital performance. Therefore, one could argue that this logic could be applied to investigate the role of physician job satisfaction on organizational productivity and performance. What follows is a conceptual framework of research propositions.

### *Conceptual Framework*

The theoretical foundations of RBV theory (Barney, 1991) and empirical research (Huselid, 1995) identified relationships between a firm’s human resources and performance. However, no previous attempts were made to formally apply RBV concepts in health care. Therefore, the proposed framework expands on earlier work by suggesting a relationship between employee satisfaction and the sustained competitive advantage of the health care organization (see Figure 1). It has been shown that satisfaction with one’s job can be achieved by instituting corresponding HRM policies (Buchan, 2004). This HRM policy-employee satisfaction “fit” enables effective deployment of high levels of skills and increases in

**FIGURE 1**  
**CONCEPTUAL FRAMEWORK**



organizational productivity. Among health care employees, physicians possess such extensive qualifications that they are considered key organizational stakeholders. This important position within the

health care system dictates that their needs and demands be met to the extent possible. Therefore, identifying aspects of physician job satisfaction can facilitate the development of HRM policies that create “policy-physician satisfaction fit” in health care organizations.

The propositions presented in this model posit that employee job satisfaction is important for creating and sustaining a firm’s performance advantage in the market. Based on a comprehensive literature review and empirical results from other fields, the propositions specifically address physicians’ job satisfaction. This framework may be useful for developing and implementing physician-specific HRM policies in health care organizations.

#### *Group-Specific HRM Policies and Job Satisfaction*

Existing empirical research on job satisfaction reveals differences between employees’ needs and demands depending on the industry and profession (Williams et al., 1999; Garcia-Pena et al., 2000; Linzer, 2000). Therefore, analysis of the elements of job satisfaction, specific to the target group of employees, should be included in the organizational HRM strategy.

A growing body of literature on the physician workforce presents a number of intrinsic and extrinsic factors that attempt to explain variation in physician satisfaction rates (Smith, 2001; Edwards et al., 2002; Janus, 2010). Strongly criticizing predominant emphases on monetary incentives (pay for performance programs) embedded in health care HRM practices, researchers are advocating for the inclusion of individual intrinsic needs (Janus, 2010). For instance, physicians should have the opportunity to shape organizational goals, participate in resource allocation and obtain continuous training and technical support (Edwards et al., 2002). However, much of the literature is normative in nature, lacking empirical support for such propositions. This may be due to the complexity of interaction between independently practicing physicians and health care organizations. One could argue that HRM policies would be easier to apply to hospital employees, like nurses. Supportive evidence can be found in “magnet” institutions that were able to identify nurse-specific needs and design appropriate group-specific HRM policies. These policies contributed to documented increases in nurses’ job satisfaction (Kramer et al., 1991; Aiken et al., 2002). The proven effectiveness of nurse-specific HRM policies could be used in other health care professions. For these reasons, the following proposition is suggested:

*Proposition 1: Group-specific HRM policies designed to meet physician needs are associated with increased job satisfaction.*

#### *Job Satisfaction and Intention to Leave*

The literature argues that job satisfaction is an essential factor in determining withdrawal from an organization (Price et al., 1981; Miner, 1992; Nagy, 2002). This relationship is applicable in the health care industry as well. Early supportive evidence was revealed with nurses’ job satisfaction and turnover rates (Price et al., 1981). Price et al. confirmed that increases in nurses’ job satisfaction lead to reduced turnover rates. Methodological challenges in measuring actual turnover forced researchers to develop a surrogate variable able to capture one’s intention to leave the organization and profession. The relationship between employee intention to leave a specific employment position and actual job turnover has been extensively studied (Tett and Meyer, 1993). However, only a handful of studies have attempted to validate this relationship in the physician workforce. Buchbinder and colleagues (1999) examined data from the AMA’s Young Physician Survey and found that the likelihood of leaving practice within the next two years was negatively correlated with several aspects of job satisfaction, such as rewards, autonomy, working conditions, etc. (Buchbinder et al., 1999). In a follow-up survey, they found that those primary care physicians who reported a low level of satisfaction were 2.38 times more likely to actually leave their practice (Buchbinder et al., 2001). Similarly, Linzer et al. (2000) examined data from the Physician Worklife Survey and found that physicians’ intention to leave was negatively correlated with job satisfaction (Linzer et al., 2000). This pattern of relationships was shown to be consistent within different physicians’ specialties (Gallery et al., 1992; Linzer et al., 2000; Pathman et al., 2002). From this, it is proposed that:

*Proposition 2: Increased physician job satisfaction is associated with reduced intention to leave a health care organization.*

#### *Physician Job Satisfaction and Organizational Productivity*

Most research on employee attitudes (e.g. job satisfaction) indicates that how employees experience their work is reflected in organizational effectiveness (Likert, 1961; Price et al., 1981; Denison, 1990). For instance, evidence from 34 publicly held firms found that organizations in which employees reported an emphasis on human resources tended to have superior short-term financial performance. These firms experienced steady growth in their financial performance relative to their competitors over 5 years (Denison, 1990).

In the health care field, examining the relationship between staffing and outcomes revealed a similar pattern (Sovie et al., 2001; Aiken et al., 2002). Research showed that higher nursing staffing levels and/or staffing mix was related to “better” outcomes. Better outcomes were defined either as reductions in the levels of specified “negative” outcomes (mortality rates, needlestick injuries, or infections) (Sovie et al., 2001) or improvement in reported quality of care or patient satisfaction (Aiken et al., 2002). Improvement in quality of care and reduction in mortality rates are only a couple of the indicators that reflect health care organizational performance; however, they provide support for the suggested relationship.

A similar relationship was found among physicians. Empirical studies have identified associations between physician satisfaction and a variety of measures of quality of care (Williams et al., 2003). These include physicians’ prescribing behavior and referral, patient satisfaction and adherence to medications. For instance, patients of physicians with higher satisfaction reported better adherence to medication (DiMatteo et al., 1993). Moreover, patients of physicians who have higher professional satisfaction are themselves more satisfied with their care (Haas et al., 2000). More recently, Williams and colleagues (2007) provided evidence that higher physician job satisfaction is associated with lower likelihood of patient errors and better quality of patient care (Williams et al., 2007). Given the documented impact of physician job satisfaction on multiple aspects of health care delivery, the following proposition is suggested:

*Proposition 3.1: Physician job satisfaction is positively related to organizational productivity.*

Recently, there has been growing empirical evidence for an alternative relationship between employee job satisfaction and organizational performance. Prior literature provided an implicit direction for the causal arrow from employee attitude to organizational performance (Price et al., 1981; Locke, 1983; Spector, 1997; Koys, 2001). For instance, Koys analyzed data from units of a regional restaurant chain and concluded that satisfied employees had a positive influence on business outcomes (profits after controllable expenses). Moreover, the author revealed that customer satisfaction is affected by different levels of employee satisfaction. However, Schneider et al. (2003) revealed reciprocal relationships between these variables. At the organizational level, they analyzed employee attitude data from 35 companies over an 8-year period against financial (return on asset [ROA]) and market performance (earnings per share [EPS]). This research indicated that overall job satisfaction was more strongly predicted by ROA and EPS than the reverse. It was argued that employees are attracted to successful organizations and are likely to remain with such organizations (Schneider et al., 2003). Evidence of this reciprocal relationship could be found in health care. Researchers argue that “magnet” hospitals are able to attract and retain nurses due to their high performance and popularity in the industry. However, no empirical research was done in the health care workforce to prove this assumption. Given the above reasons, an alternative proposition is suggested:

*Proposition 3.2: Organizational productivity will have a direct positive influence on physician job satisfaction.*

### *Job Satisfaction and Sustained Competitive Advantage*

RBV theory stresses the comparative benefits that human resources provide to organizations in terms of their skill mix, values and distinctive qualifications (Barney, 1991). In most industries, organizations use the same inputs, but may differ in the processes used to combine these inputs and transform them into products. While inputs and outputs could be replicated by competitors, competitive advantage could be provided by a unique mix of skills, knowledge and expertise possessed by staff. As mentioned earlier, group-specific HRM policies could assist in capturing this unique stock of talent, which will possess distinct characteristics. Moreover, these group-specific HRM policies could facilitate increases in employee motivation and improved job satisfaction. Evidence suggests that human resources, including employee skills and knowledge and group-specific HRM policies, can assist in creating a competitive advantage (Huselid, 1995; Koch et al., 1996). Hallowell (1996) analyzed the sources of competitive advantage at Southwest Airlines. The author argues that by creating satisfied employees it creates value and establishes a superior position in the market. Applying this logic to health care, one could argue that physicians can be viewed as a unique stock of talent. Therefore, appropriate group-specific HRM policies should increase physician motivation and job satisfaction. Satisfied physicians would be an integral part of a value-creating strategy that is not being implemented by current or potential competitors. Unfortunately, no empirical research has been done to test these assumptions. Based on this logic, the following proposition is made:

*Proposition 4.1: Physician job satisfaction will have a direct positive influence on a health care organization's sustained competitive advantage.*

Organizational performance is an indicator of an organization's position in the market/industry. Better organizational performance can be interpreted as competitive advantage in the market. Academic researchers have consistently documented a positive relationship between employee attitude (e.g. job satisfaction) and organizational performance/firm's position in the industry (Likert, 1961; Price et al., 1981; Denison, 1990). Evidence shows that this relationship runs from employees' attitudes to organizational performance (Denison, 1990). However, recent research found support for the reverse direction of this relationship, from organizational performance to employees' job satisfaction (Schneider et al., 2003). It can be argued that a firm's position in the industry can be attractive to employees. Therefore, organizations that have advantageous positions in the market due to higher performance and productivity are viewed as more attractive places to work. Nurse "magnet" hospitals serve as an example of this assumption. They appeared to be attractive to nurses due to their high position in the industry. Moreover, evidence shows that nurses who work in these "magnet" institutions are satisfied with their working conditions (Schneider et al., 2003). Unfortunately, no empirical research has been done to test this assumption within the physician workforce. Based on this logic, the following proposition has been made:

*Proposition 4.2: A health care organization's sustained competitive advantage will have a direct positive influence on physician job satisfaction.*

### *Summary and Directions for Future Research*

Most organizations are searching for ways to improve their productivity and performance. This process could include analysis of the firm's strengths and weaknesses, investigation of a firm's internal resources and exploration of competitors' profiles. The scholarly community argues that all of these approaches have their advantages and disadvantages in solving the productivity puzzle (Barney, 1991). Recently, the attention of researchers has been drawn to the link between a firm's internal characteristics and performance. These ideas are reflected in RBV theory, whereby a firm's internal resources can serve to create a source of sustained competitive advantage. Among other resources, human resources have a special position. They have the high potential for creating a source of sustained competitive advantage if appropriate HRM policies are in place (Wright, 2000).

The health care field is one of the most knowledge- and labor-intensive industries, where delivery of services (care to the patients), is impossible without skilled personnel. Therefore, the demands and needs of human capital should have high priority in the organization. Evidence suggests that fulfillment of employees' needs has a positive effect on organizational performance and productivity (Price & Muller, 1981; Miner, 1992; Eagly & Chaiken, 1993; Weiss, 2002). Therefore, increases in physician job satisfaction should be positively correlated with improved performance and productivity of health care organizations. Unfortunately, theoretical assumptions of RBV theory have not been formally applied in the health care industry. The failure to utilize this theory is regretful, especially taking into account the importance of human resources in this industry. The treatment of human resources as a source of sustained competitive advantage could provide new insight into the development and implementation of a general strategy for health care organizations.

The aim of this paper has been to assist researchers and managers in understanding the overall relationship between physician job satisfaction and the opportunity to create a sustained competitive advantage by health care organizations. The proposed framework depicts a clear picture of the issues that should be addressed by HR managers to create and implement a sustained competitive advantage for the organization. One could theorize that there is a significant relationship between physician job satisfaction and sustained organizational competitive advantage. Thus, several important implications for managers emerge from the propositions of this framework. It was shown that fulfilling physicians' specific demands and needs through the application of appropriate HRM policies could improve their job satisfaction and motivation. Increases in physician job satisfaction could lead to increased productivity and the creation of a competitive advantage in the market. Moreover, a reciprocal relationship between organizational productivity and physician job satisfaction is proposed. Therefore, managers should design HRM strategies to address physicians' needs and demands. The effectiveness and utility of the model in the creation of sustained competitive advantage requires empirical research. In the meantime, this framework provides a workable theoretical foundation that may assist in developing tools for the analysis of human resources in health care.

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