

## **Team Capital and Productivity: Effect of Unit Specific Nursing Care on Patient Outcome**

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*Performance of an organisation depends on both tangible and intangible human capital of the workers, especially in hospital performance where work is performed by teams rather than individuals. Once a patient is treated by the physician, it is the job of the nursing staff which perform as a team to monitor the condition and recovery of the patient. The unit specific experience of nurses is critical for the critical care and speedy recovery of the patient. Yet, this form of team human capital is ignored as input in health production. This paper explores the effect of the unit specific human capital of the nursing staff measured by the average experience in specific units of a hospital on the duration of stay of patients in the unit using a unique unit level monthly panel data in a general hospital. The fixed effects panel estimates show that the average general human capital of the nurses increases the duration of stay of patients in the units, while the average unit level human capital of the nursing staff reduce their length of stay. This result implies that experienced nurses are extra cautious to ensure full recovery of patients, and the continuous unit level care by the specific nursing team reduces the post-treatment complications and ensures their better health condition. The intangible team specific human capital in specific units contributes to organisational performance.*

### **Introduction**

There is a growing evidence of a positive linkage between the development of human capital and organisational performance. Emphasis is placed on conventional human capital in organisations like education, on-the-job learning and experience that reflects the view that market value depends much on tangible resources, particularly acquired human capabilities. However, organisational performance also depends on the intangible resources embodied in the workers, particularly human capabilities to adaptation, cooperation and

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