



## Study of employee performance appraisal methods in hospitals

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### Abstract

The reason of existence for health care systems is the achievement of objectives. And the success of such depends on the performance of individual employees. When a job is assigned to the employee and they reach their goal, the objective is fulfilled. But in order to know whether they have been successful or not, it is implicit to investigate the extent of effectivity of an employee. Usually, the data gets evaluated at the end of the year, and the employee's performance can be investigated. Without evaluation, the management remains clueless about weaknesses regarding the work force. It is also important to praise and reward employees in the process. It is important that planning (objectives, performance standards and behavior) is accompanied by communication, counseling, coaching, motivation and feedback. The research is based on Primary data and secondary data. The purpose of this study is to investigate the employee performance appraisal systems and processes based on hospitals.

**Keywords:** employee performance, health care systems

### 1. Introduction

#### 1.1 Background of the Study

When appraising performance of employees, it is absolutely vital to take the context of the organization into account and should be customized accordingly in order to ensure top performance of individuals. Molapo (2002) <sup>[4]</sup> points out, that the internal environment of an organization is of very high importance. Lack of resources or machinery as well as a negative workplace environment itself can lead to lower levels of performance and methods of performance appraisal should hence reflect such circumstances. According to Herreid (2006) <sup>[2]</sup>, organizational culture, legal framework and organizational policy play a vital role and management needs to take that into account when it comes to employee performance appraisal.

Effective performance appraisal constitutes of 2 main components: 1) flexibility in rapport to changes occurring to the specific organizational context, and 2) being aligned to company's vision and main objectives. (Mohram *et al.* 1991) in (Herreid, 2006) <sup>[2]</sup>.

#### 1.2 Statement of the Problem

Staff has been blamed to be highly inefficient when it comes to carrying out their duties of work. Through performance appraisal of employees, management better understands the current performance level and this makes it easier to make corrections. By closely evaluating performance, one can also identify training needs for employees so they can become more effective and efficient. Poor infrastructure, inadequate logistics, low salaries and inadequate reward systems are common in the health care sector. Unsatisfactory health-worker performance in low and middle income countries is worsened by a shortfall of human resources. Performance

hence reaches critical levels especially in combination with low resource environments and this has hence been a big concern in those countries for the health sector. Consequently, this study has been undertaken in order to investigate appraisal and quantify staff performance in hospitals.

#### 1.3 Significance of the Study

The outcome of this study will present healthcare organizations and hospitals with a great change to comprehend how to screen and check their staffs functioning and performance. It will inspire the representatives and staff to be more efficient and productive. It will also improve the job satisfaction of the personnel.

#### 1.4 Objectives of the Study

- 1) To comprehend the techniques used by hospital to examine the performance of their staff
- 2) To understand what influences staff functioning assessment procedure and efficiency.
- 3) To provide ideas and suggestions and advise from the better development of the performance assessment procedure.

### 2. Review of literature

#### 2.1 What performance is?

The significance of an individual's performance is that individual's accomplishment under a test like situation stated in the Oed (1978) <sup>[7]</sup>. The companies fundamental ambition is to achieve the objectives set by the establishment, with the help of their representatives. This is the motivation behind why organizations create programs, policies, agendas and plans for their employees, after which the effect of the plan is

estimated by deciding if the employees play out their obligations correctly and if the efficiency and service provided of a higher standard or as expected by the employer in standard measures. (Matsie, 2008)<sup>[3]</sup>

## 2.2 Contents of the Appraisal

The assessment of the performance of the worker is an imperative profession advancement instrument for worker as well as the company and it's administrative. The administrator can help direct the worker on the way to corporate progress and the worker gets a better comprehension of what his or her job entails on a daily basis with in every day work obligations. Evaluations of performance of employees have a wide assortment of consequences for the employee or worker that supervisors of the worker must recognize and comprehend: (Pradeep, 2009)<sup>[8]</sup>

**Motivation:** Motivational productivity can greatly depend on the assessment of the performance of the worker. It can act as a promoter of efficiency. At the point when a worker sees his objective, aim and purpose with clarity after recognizing the challenges he must face, as well as ways to develop and forward his job, the impact is to inspire the employee to accomplish those objectives. Carving a path for the employee's progress and providing the employees accomplishments to make him or her take a step forward that will be motivating to develop a better standard and have a higher performance.

**Clarity:** Management is responsible for Employee job performance and the carrying out of their duties to the best of their abilities throughout the year. The manager reviews the employee's role and expectations and together they evaluate whether that matches with the performance. This is the clarity that an employee needs in order to comprehend how to improve in the future in regard to his job duties and future performance.

**Take Responsibility:** A manager should keep track of all the employees' achievements and outstanding performances for the annual review. These should be publicly announced at the end of the year, so the employees benefit further from their outstanding performances and claim responsibility for the challenges. This way, the performance becomes more of a personal commitment and employees are more involved in shaping their own development and career.

**Teamwork:** Throughout a performance appraisal, a supervisor must spend time to guide the employee on how his performance influences the productivity of the whole organization. When employees comprehend how their overall performance impacts on the ability of others doing their jobs, it enables them to put their own job duties into an overall company context. It facilitates to improve teamwork among staff, and can also increase cooperation to master corporate goals.

## 2.3 Number of Methods to evaluate employee's performance

According to Shodh Ganga (2013)<sup>[9]</sup>, the appraisal methods

can be classified as follows:

**Rating scale:** This is the oldest and most applied method of evaluating individual's performance. Here, the appraiser evaluates the employee's performance according to a scale from low to high. The appraiser rates employee's work conduct and its outcomes and also evaluates personality traits such as dependability, loyalty, initiative, cooperation, attendance and the like as poor, average, good, very good, excellent etc.

**Checklist method:** The appraisal form in this technique is a checklist of phrases or words which bring light to the employee's performance or behavior. The rater carefully examines the same and rates the employee against the checklist. It is in the nature of yes and no answers.

**Forced choice method:** In this case the appraisal form includes various statements; each of which contains a couple of positive or negative claims relating to different types of characteristics, such as learning ability, co-operation, leadership, dependability, loyalty, attendance, work performance etc. For every item, the appraiser or rater has to figure out which statement out of the two fits the employee most.

**Critical incident method:** In this method, the rater takes notes on an extreme or extraordinary behavior, experienced from the employee during his job duties. This will help him to appraise his performance. The events that take place may signal positive or good behavior of the employee or his negative or bad behavior.

**Field review method:** In this technique a human resource specialist conducts fieldwork and supports the supervisor in rating the employee. The work of the employees is examined in the field itself. The observer experiences the nature of the job, the environment in which the job is carried out, the climatic conditions, difficulties faced, working conditions, methods used for working, facilities available to the workers, and risks involved in the jobs.

**Performance test and observation method:** The idea is to test the knowledge and skills of an employee. He is examined either by through a paper-pencil test or he is required to show his skill in a practical situation.

**Annual confidential reports:** These reports are summaries of the performance of employees and they are kept in confidentiality. They are written by superiors according to their judgments, observations and intuitions. The subordinate is not allowed access to his report on performance.

**Factors and points method:** In this method the factors influencing performance of employees are examined. The factors may be mastering of performance standard, behavior, competencies, leadership quality, and initiatives to show problem-solving. There may be more less important factors that may or may not be considered. Every factor is allotted points or marks as per their relating importance.

**Ranking method:** This is a very simple and easy technique in order to evaluate the work of employees in a group. They are ranked in order of their performances. This means that the workers are ranked on the basis of their performance such as first, second, third, fourth and so on. This technique can be applied independently or it can be used with factors and points method together.

**Paired comparison method:** This is a slight variation of the ranking method. In this method, performance of a worker is compared against the performance of another's and the examiner has to select the better out of each pair, considering only one pair at a time. It is calculated how often an employee is better pairwise and a first place can be determined.

**Forced distributions:** In this method, the employees are evaluated and classified into categories. They are examined in their according groups or they are categorized as outstanding, above average, average or satisfactory, below average and poor respectively in regard to the given percentages. However, this method hinges on the condition that if the employee falls in more than one category of a given specified percentage bracket, they cannot be rated in that category. They will be shown in the lower or upper category.

**Self-appraisal:** A lot of enterprises apply self-appraisal techniques for progressive enhancement of performance. In this method, the employee has to evaluate himself against a predetermined standard. Such self-evaluation helps the employee to figure out his strengths and weaknesses. The employee knows best, in which areas he is lacking knowledge and hence requires improvement. Therefore, self-appraisal will cause self-improvement and self-development and is leading to accomplishment of personal goals or objectives for future performance.

**Appraisal by results or management by objectives approach:** In this approach, the performance of an employee under supervision of a manager is assessed or evaluated depended on final achievements accomplished by him rather than on the basis of traits. The effectiveness or success of management is reflected by accomplishing objectives or the reaching of end goals set by the organization.

**360° Performance appraisal:** The appraisal is conducted by anyone in contact with the employee in terms of job performance, i.e. his appraisal may be done by supervisor, manager, subordinates, employees themselves, customers, consultant etc. Performance can be examined on any day and from any angle regarding the employees work. Thus the appraisal can be executed for all working days in a year, from all angles and by all parties involved with the employees. This way, it is possible to track all activities for all days and make evaluations.

**Behaviorally anchored rating scales:** This method is a combination of several techniques used in the weighted check list rating and critical incident method. Effective and ineffective behaviors are noted more objectively. This method is more applicable for people that are quite familiar with a

certain job to realize major components. The components are ranked and specific behaviors are validated for every aspect of the job.

**Cost accounting method:** In this technique, cost is the base for evaluating employee performance. Both the cost of employee and his output are taken into account and one analyzes the relationship between cost and benefit. Time, efforts and expenditure are calculated of each candidate respectively. The total output and cost is considered and one can calculate the per unit cost.

#### 2.4 Factors influencing employee performance appraisal process

According to Murphy & DeNisi (2008) <sup>[5]</sup>, seven key constituents of employee performance are representative for this field of research and these are shown in the below:

1. Proximal factors - appraisal purpose, organizational norms, acceptance of appraisal
2. system Distal factors - cultural norms, strategy and company's performance, legal system, technology
3. Intervening factors - appraisal frequency, source of appraisal, appraiser - employee relationships, appraiser motivation, perceived uses and purposes of the appraisal
4. Judgmental factors - time pressure, recall of performance, etc.
5. Distortion factors - appraisal consequences, reward systems
6. Performance rating and feedback
7. Judgment

#### 3. Need of Performance Appraisal System in Hospital

The hospital field is a service industry, where patient (customer) is the most important person. So there is an immense importance on servicing people and therefore all the employees of the hospital have to perform their best to accomplish customer satisfaction. It is hence apparent that staff behavior and performance is vital for the satisfaction of the patient. If the performance of employees is appraised, both employees and management benefit from a better understanding of current performance levels in order to make amendments for improvement. Also performance appraisal facilitates the identification of training needs so that employees can be assisted to enhance their performance. (Nitin, Sippy & Shilpa, Varma, 2014) <sup>[6]</sup>

- It will also help as a facility for post employees to understand how they are performing and how they will be rewarded.
- As one takes care of patients who are outsiders to the hospitals, the care of internal customers i.e. employees is also necessary.
- It gives employees a boost to perform better in the future.
- It can give rise to healthy competition among different levels of employees and then they will learn from each other and improve.
- The entire organizations effectiveness will be improved and that helps the hospital to gain a competitive advantage over other hospitals.
- The most important thing is to establish a scheme for self-motivation among employees so that they try their best to

perform and excel in their field.

Performance Appraisal has different measures to examine the capabilities and efficiency of an individual in an organization in regard to how far the targets have been accomplished and how the performance has turned out to be in accordance to initial expectations!

This assessment also facilitates overall growth of an organization. So Performance Appraisal today plays a key role in accounting for various kinds of jobs that employees execute in an organization. By channeling attention to performance, appraisal lies at the heart of personnel management and proves management's real interest in the progress of employees.

#### **4. Performance Appraisal Process in Hospitals**

The performance appraisal system builds an integral part of the employee development progress in any institution. It allows for the ability of an organization to determine targets and expectations with the help from employees. A fair and humanitarian performance appraisal process is vital for the company's success and it plays a huge role in getting best results possible from workers. Salary revision following a performance appraisal is a key motivator and a fair appraisal process helps reducing attrition rates.

Most hospitals are applying a 180 degree appraisal system. 180 degree performance appraisals is defined as an employees being appraised by two people (self and Boss/Manager). The time period for performance appraisal is from six months to one year. A performance appraisal system is of eminent importance for organization that wants to be successful. Both employees and organizational management/leaders benefit from a well-constructed performance appraisal system. These systems provide feedback and rewards for workers that do well, while at the same time holding employees accountable for their performance. The following report will outline the purpose, benefits, and constituents of a proper performance appraisal system and provide for a unique performance appraisal system for a human service organization.

The goal of a performance appraisal system is to give an evaluation and feedback on an employee's performance. Many organizations conduct appraisals yearly and may process appraisals in the form of a review. Even if appraisals are performed annually, it is advisable that management has weekly consultations or meetings with employees to make sure, all parties remain up-to date with policies and each employee is aware of what is expected of him or her. A manager should not wait until the end of a year to inform employees of performance problem for the last eight months. Problems should be tackled as they come to prevent any surprises during the appraisal period. The evaluation part of an appraisal system is usually conducted by management.

During this part, management examines the employee's performance to find out if there are any areas that require improvement. In the best case, all employees are on target or exceeding organizational standards. If an employee is not meeting standards, or has a history of not meeting standards previously, his or her appraisal may provide ideas for enhancement or there may be other consequences due to poor performance.

The feedback portion of an appraisal system normally

constitutes of a meeting between management and employee. Then management provides counseling and guidance. But many of the employees don't comprehend the purpose of the meeting and hence the process should be methodical and systematic in nature. The first step in the procedure for hospitals is hence to let employees fill an appraise form where they rate themselves. They describe their view on actual achievement for the task and target assigned to them. Comments on fulfillment of task and target are written by the HOD. Both appraise and HOD meet in order to discuss the appraisal form. Comments on strengths and weaknesses and space for improvement are written down requires a signature from both. A compilation of the target expectation achievement ratio is conducted. However, the very compilation and collection of data is what makes the 180 degree performance appraisal a difficult and time consuming process. (Nitin.Sippy & Shilpa.Varma, 2014)<sup>[6]</sup>

#### **5. Findings**

The following points are advantages that employee performance appraisal brings to the individuals, organizations and society as a whole:

- The productivity of individual on job increases.
- Employee gets job satisfaction at job.
- Psychological problems of employees come to low level.
- Involvement of employees in their jobs increases.
- A sense of commitment and loyalty among employees develop.
- Employees get higher salaries and incentives on production basis.
- Quality and quantity of the job increase.
- Profit improves and that leads to progress of the business.
- Good will of the organization goes high.

#### **6. Conclusion**

Employees are part of the process of setting meaningful goals and performance measures for their tasks. This can be carried out informally between the employee and their supervisor in charge or as part of an organizations formal performance management procedure. Skills required include the ability to convince employees to take part in mutual goal setting and clarifying job expectations together and providing regular performance feedback. To give performance initiatives and managing process and in order to provide training and resources for the work space it is essential give to give time and energy.

Effective targets are likely to promote a higher amount of the work style behaviors. They help create commitment, both to the targets and to the organization, which leads to people doing more than they are asked to do which translates into higher performance.

Performance appraisal should not be treated as a mere regular activity but its importance should be realized and communicated effectively to all employees. It should provide more clarity in terms of defining goal and vision of the organization and help to empower employees. (Asigele Oswald, 2012)<sup>1</sup>

#### **7. Suggestion and recommendation**

- Employee should be provided with proper training or

- counseling after appraisal
- Employees should be given feedback following appraisal. This will help them to develop
- People should be made more aware about appraisal procedure and its benefits
- The subordinate should be well aware of his responsibilities and the parameters on which he will be evaluated.
- The employees should feel free to get in touch with their supervisors so as to share their problems regarding work and seek guidance.
- Performance appraisal should be transparent, timely and effective for employees

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