

# A Study on Employee Performance Appraisal and Job Satisfaction in Health Care Sector

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## Abstract

*Healthcare sector is an employee intensive sector. In past few years it has experienced dramatic change due to cut throat competition, advanced technology, increased cost, demand for best patient care services etc. Hospitals are implementing and following best HRM practices to increase the organizational effectiveness. Effectiveness of any hospital or health care unit cannot be only determined by its profitability. Leading hospitals and healthcare institutes are realizing the power of a performance management approach in decision-making. That's why an effective Performance Management system is essential to be implemented in Hospitals. Performance Appraisal is a part of Performance Management System and one of the most important HRM Practice. Performance Appraisal programs, monitor the performance of employees, motivate staffs. Performance Appraisal is important for both Private and Public sector Hospitals. There are various methods of performance appraisal.*

*Job satisfaction is an important factor which determines efficiency of hospitals or any organization. It gives rise to decreased absenteeism and stress and employee turnover rate. Dissatisfied employees in hospitals can affect the quality of patient care. India is facing high burden of diseases due to various factors, especially in rural areas, hospitals are full of patients, but lacking in healthcare employees. This paper explores the need and importance of Performance Appraisal and Job satisfaction in healthcare sector.*

**Keywords:** *Human Resource Management Practices, Hospital, Performance Appraisal, Methods of Performance Appraisal, Job Satisfaction.*

## I. Introduction

Every organization is made up of People. Their skills, experience, competencies are utilized in the organization. That's why we call it as Human resource. Human resource is the most important resource in any organization. Employees of any organization need to be kept motivated so that they can be retained. Human Resource Management is with issues related with human being. It is based on 4 fundamental principles first Human resources are the most important assets and these should be managed effectively. Second the successful management of human resource depends upon the personnel policies and procedures of the organization. Third the culture of organization, the values of organization, and the behaviour of management have a great impact on human resources. Fourth, HRM integrates all the members of organization to achieve the common goal.

The Process of HRM starts with Recruitment and selecting the best, providing them better orientation, arranging training and development programs for them, assessing their performance, providing appropriate compensation and benefits, motivating and maintaining proper relations with trade union, maintaining safety, welfare and health by aligning with labour laws, of the concerned state or country.

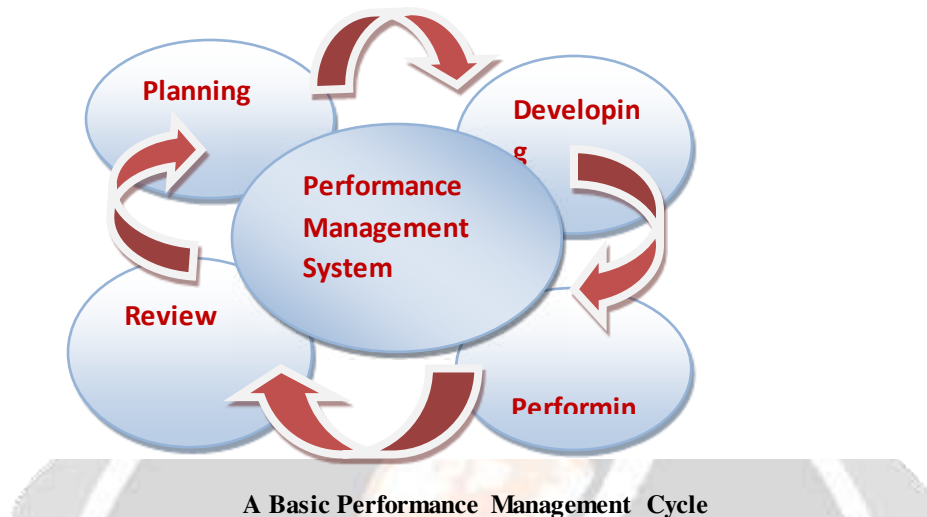
HRM Practices in healthcare are more challenging as compared to the other sectors. Outcomes of Healthcare are highly complex. These organization face continuous pressure, they need to become more productive, more innovative and also they have to provide quality healthcare. We cannot judge the effectiveness of hospital on the basis of only profitability.

Hospitals and healthcare organizations have to be perfect in both professional and administrative aspects. Employee motivation is highly needed to get high performance in healthcare sector. Govt health setups are getting stronger and higher day by day, and demand for highly high quality service is increasing. Human resource development is crucial for both improvement of service and Client satisfaction. Recruitment, selection,

Performance Appraisal, Training and development are the mechanisms to achieve Human resource Development goals.

## II. Performance Appraisal:

Performance Appraisal is an important part of Performance Management system. Performance Management includes planning and setting goals, developing performance appraisal method, implementing it and reviewing the entire process.



Performance Appraisal is the most important component in the process of Human Resource Management. The British Association of Medical Managers (BAMM, 1999) has defined appraisal as "the process of periodically reviewing one's performance against the various elements of one's job". This paper will describe the purpose & developmental criteria of an appraisal program that will regularly assess the performance of hospital employee."It is a tool to refine and reward the performance of employee. Employee's contribution in achieving the organizational is analyzed by performance appraisal. Management can analyse the progress of employees. The results of Performance appraisal creates a base of recruitment and selection policy, identify the needs for training and development program, creating motivational programs to retain the employees.

### Process of Performance Appraisal:

#### (i) Establishing performance appraisal criteria and standard:

First step is to set standards, to compare the actual performance of the employees. These standards should be clear and measurable. In the first step only, we also develop the criteria to judge the successful and unsuccessful employees.

#### (ii) Communicating performance standards:

Management is responsible to communicate the set standards of performance evaluation to all the employees of organization. It should be clearly explained to the employees. This also helps employees to understand what is expected from them. These set standards should be communicated to the raters also.

#### (iii) Measuring the actual Performance of Employees:

Employee's actual performance during a specified time will be measured. This process is a continuous process. A careful selection of measurement technique is required. It should not be biased. Performance of employee can be measured by personal observation, and various report. eg Statistical reports, written report etc.

(iv) **Comparison of actual and standard Performance:** The set standard of performance will be compared by the actual performance of employee. The deviation and performance gap will be identified. After this evaluator will proceed to next step.

#### (v) Discussion of result with employees:

Communicating the result of Performance appraisal will have to be discussed with the employees. This is a tough task. The manager's task is to communicate it in a positive way so that employees can accept it in a constructive and positive manner.

#### (vi) Making correct decision:

Finally the Performance Appraisal process lasts o take corrective actions, or to achieve with the taking correct decision to improve the performance of employees, or to achieve rewards, eg promotion, salary increment etc.

### III. Review of Literature

Human Resource policies and practices followed in the cement company (Kumar, 2009). The study examined that how Human Resource Management practices effect on organizational innovation. Organizational Innovation was dependent variable and human resource management practice was independent variable. 3 types of organizational innovation: a) product-innovation, b) process-innovation, c) administrative-innovation were taken for the study. Five Human Resource Management practices were taken (as in dependent variables): a) performance-appraisal, b) career-management, c) training and development, d) reward-system, and e) recruitment. It was found that all the three forms of Organizational Innovation were significantly affected by training and development. Administrative Innovation was significantly and positively affected by performance-appraisal. Managerial activities can be improved with the help of the feedback of performance appraisal in organizations, which promotes administrative-innovation (Ling and Nasurdin, 2010).

There is significant relationship between practices of Human Resource Management and Organizational Innovation. It gives a significant and positive impact on organizational innovation. Human Resource Management practices eg. a) training and development, b) recruitment, c) Performance-appraisal, d)reward-system, e) career-management and f) organizational innovation such as i) product innovation, ii) process innovation, and iii) administrative innovation .The study shows that there is a mediating role of effective knowledge management on the relationship between Organizational Innovation and HRM Practices (Tan and Nasurdin , 2011)

Training and development and human resource planning had higher impact on job satisfaction in manufacturing firms. Also it was found that training and development has the larger impact on job satisfaction (Absar *et al.*, 2010). The study was done on the Importance of new practices related to HRM in different private sector and public sector organization in Bangladesh.

Result shown HRM Practices that Employees of private sector were found more satisfied with the current HRM Practices. The questionnaire of this study included HRM practices namely, training and development, performance appraisal, HR Planning, recruitment and selection, compensation and industrial relation (Absar and Mahmood , 2011).

A conceptual framework was proposed to find the relationship between Job satisfaction, HRM Practices, and Employee Turnover. It was found that HRM practice are positively and significantly correlated with job satisfaction. Also the correlation between turnover, HRM practice and job satisfaction are negatively and significantly correlated .Hamdia Mudor and (Phadett , 2011).

In this competitive world sustainable growth and higher organizational performance can be achieved by giving special emphasis to improve the human resource management practices. The effect of Job Satisfaction and Organizational Performance was identified (Sarker , 2011). Effect of HRM practices on the productivity was evaluated and it was found that productivity is affected by human resource management practices. seven variables of human resource management practices were identified: a) incentive pay, b) recruitment and selection, c) team work, d) employment security, e) flexible job assignment, f) skills training and g) communication. Multiple Regression was used for analysing the data. They concluded that these 7 variables are important to increase the productivity. Also, Recruitment Selection and skills and communication training along with Job Security affects productivity (Jahanian *et al.*, 2012).

#### **Performance Appraisal in Context of Hospitals and Healthcare:**

Purpose of performance appraisal is to improve the service quality of healthcare. With the help of an effective performance appraisal program, employee's performance can be monitored, and employee will be kept motivated. A motivated workforce will improve the hospital effectiveness. In most of the hospital monitoring of employee performance, is done by completing a performance appraisal form. This makes the employees aware towards their work. They know their performance will be rewarded, it can be in the form of promotion, increments etc. They will do hard work.

#### **Trends in Healthcare Sector:**

**Patient-cantered:** The hospitals are becoming more patient cantered. It requires great collaboration and effective communication. The patient's family members are also involved in decision making.

**Responsibility for quality and financial responsibility:** Hospitals need to maintain quality healthcare service to patients. It is essential for hospitals and healthcare organizations to implement effective financial management system. Apart from Patient health and care, hospitals are also accountable to Govt, their staff, taxpayers etc.

**The Increasing costs for quality healthcare:** People are demanding quality care in hospitals. Number of senior citizens is high in hospitals. The number of nurses, physicians and specialists are reducing. Chronic diseases, eg Asthma, Heart problems etc are critical issues for healthcare systems. Due to advancement in technologies hospitals can afford them these days.

#### IV. Contemporary Methods of Performance Appraisal in the Healthcare Industry:

Some test, exercises, assignment, social or informal events are given to the employee's group, so that their competencies can be measured for higher position. Generally the job, these employees have to perform in the future, will be given to the employees. The competencies and abilities are judged by trained staffs of assessment centres. Competencies like, ability to plan, interpersonal skills, organizing abilities, orientation towards career etc. are judged in assessment centres.

These are designed to know the performance of employee in some specific set of behaviour, the set of behaviours are predetermined and anchored to numeric rating. A nurse can be rated on the basis of sympathy she shows to patient. Higher rating will be given to her performance if she shows higher level of empathy towards patients.

**360 Degree Performance Appraisal Technique:** It is analogous to different multiple points on compass. It incorporates given by all the employees which are directly or indirectly getting affected by the employee, whose performance is being rated.

Eg: an employee's performance will be rated on the basis of the following:

- Self Appraisal
- Immediate supervisor's Feedback
- Immediate Subordinate's Feedback
- All Peers and Team member's Appraisal
- Appraisal by HR Manager

**Human Asset Accounting:** The performance of an employee will be evaluated on the basis of their relative worth in monetary terms. The performance is judged on the cost incurred on the employee eg their salary, rewards, the recruitment and selection cost, their training cost etc. and how much the employees are contributing to the organisation will be evaluated.

**Mbo (Management by Objective):** Also known as Management by Results (MBR). Some specific goal and objectives are identified and discussed with the subordinates. The strategy and sequence for achieving this goal is decided with mutual consent of subordinates and the superior. The actual performance of employees will then be compared with the set standards.

**Problems related with Performance Appraisal in healthcare sector:** There are majority of doctors who are working as consultant and working independently. Their knowledge skills is not assessed. Who will evaluate and appraise these doctors performance, is another issue. Doctors, nurses etc works together, there are higher chances of biasness while appraisal or while giving feedback. Sometimes a full-fledged system of performance appraisal is missing in the hospitals. What performance will be appraised is another problem.

#### V. Job Satisfaction:

Hoppock has identified the term Job satisfaction in 1935, and described it as "a combination of psychological and environmental circumstances that lead to say a person "I am satisfied with my Job." Job satisfaction is the degree to which individual feels positively or negatively about their jobs. Workforce in any organization should be satisfied with their job. Otherwise it leads to frustration in the employee which ultimately hampers the organization's performance. There are many factors which results into Job Satisfaction. Research reports in this area says that : salary, work itself, work culture, superior's attitude, designation organizational policies, family problem, industrial relations etc are the factors which influence Job satisfaction.

There are various theories related of Job satisfaction:

- Need Fulfilment Theory
- Discrepancy theory
- Expectancy Theory
- Maslow's Need Hierarchy Theory
- Herzberg's Two factor Theory

#### Factors Affecting Job Satisfaction:

**(i) Work Environment:** The physical geographical place, as well as the immediate surroundings of the workplace. eg building of office, adequate parking, quality of air, noise level, extra perks given to employees etc. Creates the work environment and it makes a great impact on Job satisfaction.

**(ii) Stress:** It impacts on a greater aspect. Stress can arise due to work pressure, poor interpersonal skills, personality, family problems etc.

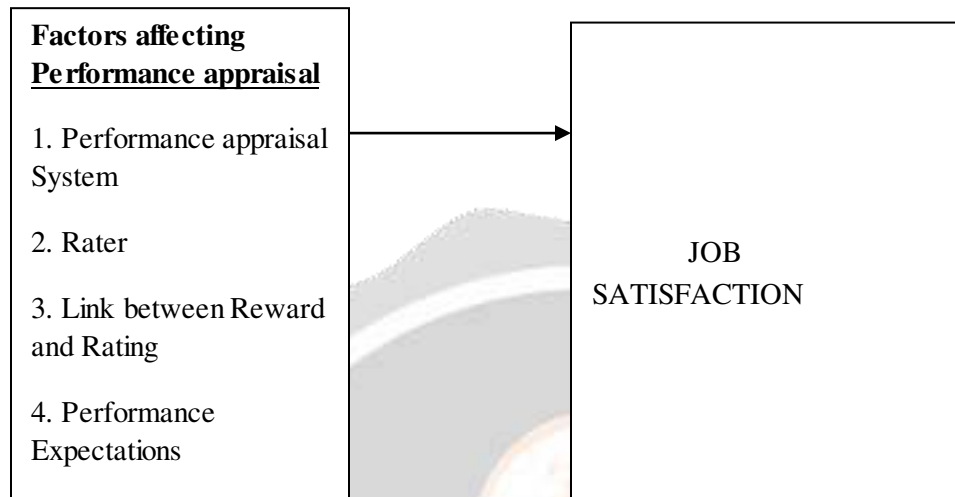
**(iii) Promotion or Reward:** Opportunity for promotion gives a moderate effect on Job satisfaction. Employees after promotion get higher salary, greater amount of freedom, which will lead to Job satisfaction. Fair Rewarding system also gives rise to Job satisfaction.

**(iv) Work Itself:** Some employee gets Job satisfaction with challenging job. There can be circumstances where a person is not able to get his/her desired job. This may lead to Job dissatisfaction.



(v) **Supervision:** Style of supervision, participation of employee in decision making, etc gives an impact on job satisfaction.

**Importance of Job Satisfaction:** Job satisfaction leads to: Physical and Mental well being of employee, Higher Productivity, reduced absenteeism, reduced employee turnover.



Healthcare organizations are different from other organizations. Health Care organizations need to develop their Performance management techniques. The Performance appraisal mechanism is influenced by so many factors, eg regulatory settings, new technologies etc. Hospital and health care organizations are realizing that defining KPI (Key Performance Indicator) in terms of economy and efficiency is important. An unbiased performance appraisal system can give rise to job satisfaction amongst employees, which influence the efficiency and effectiveness of hospitals. An Efficient Performance Management system helps in improving better patient outcomes. Integrating of entire balance score cards, can give the clinicians an understanding, what more is required from them and where they are lacking? It is helpful in keep a balance between both financial and patient care objective.

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