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A Study on Employee Performance Appraisal in Health Care

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ABSTRACT

Health care professional are becoming more involved in performance management as hospital restructure to increase effectiveness. Although they are hospital employees, they are subject to performance appraisals because the hospitals are accountable to patients and the community for the quality of hospital services. The purpose for having a performance appraisal program in hospital is to monitor employees' performance, motivate staff and improve hospital morale. The performance of a health care professional may be appraised by the appropriate departmental manager, by other professionals in a team or program or by peers, based on prior agreement on expectations. Appraisal approaches vary. They include behavioral approaches such as rating scales, peer rating, ranking or nomination and outcome approaches such as management by objectives and goal setting. Professionals should give and receive timely feedback on a flexible schedule. Feedback can be provided one-on-one, by a group assessing quality of care or through an anonymous survey. 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.

Keywords: Healthcare, Performance Appraisal, Flexible schedule, Criteria.

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Introduction

Performance appraisal is one of the important components in the rational and systematic process of human resource management. The information obtained through performance appraisal provides foundations for recruiting and selecting new hires, training and development of existing staff, and motivating and maintaining a quality work force by adequately and properly rewarding their performance. Without a reliable performance appraisal system, a human resource management system falls apart, resulting in the total waste of the valuable human assets a company has. This is not to argue that there should be no formal mechanisms for evaluating performance but, rather, it should be viewed as only one of a number of mechanisms for improving the quality of clinical care (Armstrong & Baron, 1998). Performance appraisal has been defined by DeVries et al., (1981) as the process which allows firms to measure and consequently evaluate an employee's achievements and behavior over a certain period of time. According to Briscoe & Schuler (2004) performance can be viewed as a combination of several variables, such as motivation, ability, working conditions and expectations. It has been established that there are certain factors that affect employees' performance more than others. These factors, according to Dowling et al (1999) include the compensation package; the nature of task; support from higher management; the working environment and the overall corporate culture.

Chandra, A. & Frank, Z.D., (2004) wrote that "performance appraisal systems are designed to objectively evaluate an employee's performance and then outline measures to be taken for improvements, which are essential for an organization to move ahead. The evaluative purpose is intended to inform people of their performance standing. The developmental purpose is intended to identify problems in employees performing the assigned task. These systems are often organization specific and health care organizations are no exception." Ontario Public Hospitals (1992) ensured that physician performance is appraised, because they are accountable to patients and the community for ensuring that the care delivered meets defined standards and for quality improvement. Berwick, D.M. (1991) wrote that as more organizations tackle quality from a system-wide perspective, the philosophy underlying evaluation is shifting from a focus on the individual to one on the entire system, involving everyone but blaming no one.

Purpose of Performance Appraisal

In hospital, thus the primary objective of performance appraisal is to improve the quality of healthcare practice. The primary reason for having a performance appraisal

program is to monitor employees' performance, motivate staff and improve hospital morale. In the hospital, monitoring employee performance requires routine documentation, which is accomplished through completing a performance appraisal form. When employees are aware that the hospital is mindful of their performance and they could be rewarded with increment and promotions, they will work harder. Morale is improved when employees receive recognition or reward for their work. An effective performance appraisal program will assist the hospital in achieving its goals and objectives. Not only, training needs will be identified and addressed during a performance appraisal review, but also hidden talent can be discovered as well. Through identifying these training needs, staff can perform their jobs at the highest level and be in a better position to address clients, members and customers concerns and questions. A well-developed staff is more likely to be proactive, productive and resourceful, all of which helps give the hospital a competitive edge, from improved customer relations to increased profits.

The Department of Health London (1999) in consultation paper "Supporting Doctors, Protecting Patients" emphasized this point by stating that it is not the primary aim of appraisal to scrutinize doctors to see if they are performing poorly but rather to help them consolidate and improve on good performance aiming towards excellence. In the health sector, resource availability and employee competence are essential but are not enough to guarantee desired employee performance (Franco et al., 2002). To obtain performance on quality, cost and patient satisfaction dimensions, health organizations will also have to satisfy their physicians and employees (Griffith, 2000). Health care delivery is high labour-intensive (Franco et al., 2002) and health sector performance is critically dependent on employee motivation (Amaratunga and Baldry, 2002, Franco et al., 2002, & Martinez and Martineau, 1998).

The ultimate aim of performance management (or performance appraisal), in hospital, is to optimize the quality of work and efficiency in the health system. Quality may simply be defined as fitness for purpose (Acute Care Hospitals, 1991). All approaches to quality assurance share the common theme of measuring actual performance and its comparison with either expected or normative standards. Having said this, it is pertinent to note that organizations are growing more and more dependent on formal appraisals to make personnel decisions. Hospitals are aware that well-developed appraisal systems increase the probability of retaining, motivating and promoting productive people. The proper management of human resources is a critical variable

affecting an employee's productivity. So performance appraisals are seen as an essential tool for the effective management of Organizational human resource (Latham & Wexley, 1994).

Major Performance Appraisal Issues

Assessment is usually thought of as the measurement of the performance of an individual against a predefined standard. The vast majority of doctors are working independently as consultants or principals. In general practice they do not encounter any form of formal assessment (of knowledge, skills or performance) from the time that they take up their appointment until retirement. Even with the adoption of total quality management the developmental and motivational functions of performance appraisal will continue to be important for the organization's continued existence. What makes judging another person's performance so difficult? Performance appraisal involves important aspects of people's sense of who they are and what they can accomplish – their competence and effectiveness. (Mohrman, A.M., Jr. Resnick-West S.M. & Lawler, E.E. III, 1989). Fisher (1994) explained that the design and structure of the performance appraisal system is important to staff and management and of equal importance to the actual appraisal interview. In the appraisal of performance it is important to consider who will conduct the appraisal, what performance will be appraised and how and when it will be appraised.

Who Will Appraise Performance?

Physicians, nurses, social workers, clinical pharmacists and other professionals often work interdependently to care for patients; but during performance appraisal, they have formal input into each other's appraisals. As hospitals increasingly focus on care delivery processes, physicians may be appraised by other professionals who share the responsibility for patient care and outcomes. Ensuring the quality of medical care is the responsibility of both regulatory bodies and hospitals. The way an organization is structured has a direct bearing on who conducts the appraisal. Hospitals generally use a combination of functional and, team or program approaches. In a functional approach, professionals focus on performing their own functions under the direct supervision of one boss. Teams or programs comprise individual professionals who also belong to traditional functional departments. In this case, however, professionals may have two supervisors - one in the department and one in the team or program.

The peer review program of the College of Physicians and Surgeons of Ontario showed that the office records of randomly selected physicians tended to improve after defects were pointed out (Norton, P.G., Dunn, E.V., Beckett, R. & Faulkner, D., 1998). A British study suggested

that the routine practice of doctors and nurses can be influenced by feedback from patients (Hearnshaw, H., Baker, R., Cooper, A., Eccles, M. & Soper, S., 1996).

A previous study reported that the method of selecting peer or patient raters (by the physician, by the investigators, or at random from lists of associates or patients) does not influence ratings (Ramsey, P.G., Carline, J.D., Blank. L.L. & Wenrich, M.D., 1996). Physician must ensure that standards established by the team are met; both the nursing manager and physician would provide feedback to the nurse in question. Responsibilities of the department head, also called the chief of service. Generally, the department head is responsible for assessing the clinical expertise and ensuring compliance with expectations; however, many hospitals have not yet fully implemented such a system.

What Performance Will Be Appraised?

The nature of the performance to be evaluated is ambiguous. In many cases the appraisal considers the practitioner's decisions about when individual practice patterns take precedence over practice guidelines. The jury is out on how to develop expectations for practice, but to assess the quality of a department's service such expectations must be developed. *Health Services Research Group (1992)* wrote an article in CMAJ and reviewed the challenge of developing standards, guidelines and clinical policies as well as defining "quality" in relation to performance. Performance measures often include both process expectations (how the work gets done) and outcome expectations (the results of the process). *Simon, L. (1992)* suggested the following criteria to assess the performance of department head in the hospital: quality of service in the specific department, operational efficiency and effectiveness, and budget responsibility and accountability.

Acute Care Hospitals (1991) decided that in addition to evaluating clinical performance of the hospital employee, appraisers also take into account that employee are expected to work effectively with other staff; respect bylaws, regulations, policies and procedures; and participate in committees, staff development activities and continuing education. *The College of Physicians and Surgeons of Alberta (1995)* established the Physician Performance Advisory Committee to establish a process to evaluate physician performance.

Extensive discussions within the committee generated six broad categories of physician performance attributes - medical knowledge and skills, attitudes and behavior, professional responsibilities, practice improvement activities, administrative skills and personal health. *Moorhead and Griffin (1992)* described that the process will evaluate work behaviors by measurement and comparison to previously established standards, recording the results,

and communicating them back to the employee. It is an activity between a manager and an employee. *General Medical Council, London & Royal College of Physicians and Surgeons of Canada* wrote the seven key roles, which are being expected from specialist physician in the hospital as a permanent employee, in their reports. So any physician can be evaluated on the basis of these roles.

The seven key roles of physician in the hospital (Fig-1)

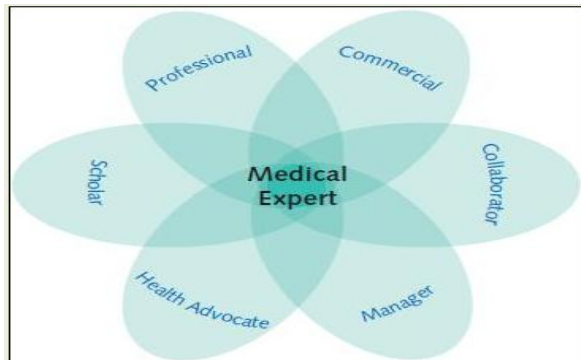


Figure 1: The seven key roles of physician in the hospital.

How Performance is Appraised?

To date, health care organization literature on performance appraisal methods has tended to focus on employee-employer relationships instead of the practitioner-organization interface. Although, in the new era, most of the doctors are not hospital employees, their performance will be examined in the light of the strategic direction of health care organizations. McAuley, R.G., Paul, W.M & Morrison, G.H. et al (1990) conducted a peer assessment program in the College of Physicians and Surgeons of Ontario that is mainly covering the office practices. Kilshaw, M.F., (1992) said that these programs are traditionally based on peer review and include a well-defined committee structure involving medical staff representatives.

Some hospitals now expect department heads to carry out extensive assessments of each doctor's & Nurses' performance before recommending reappointment. It is essential that doctors clarify the roles of the medical quality assurance committee and of the department head in assessing performance. Peer appraisal is the system that is most familiar and acceptable to hospital employee. They are most likely to evaluate a colleague's performance through a formal peer evaluation system or to establish goals for their own performance through feedback sessions with the department head.

The appraisal is usually conducted in a one-to-one interview. It is recommended that all appraisers are specifically trained for this task. It is important that appraisee becomes clear about exactly what to expect from the appraisal, so that any negative feelings and insecurities can (at least in part) be reduced (Jackson et al, 2001 & Wilkinson, 2001). Although there are peer-review

instruments that validated by Ramsey et al (1993), which could be used to assess working relationships with colleagues", they are yet to be implemented widely.

There are various approaches to assessing performance. Table - 1 outlines the most common ones.

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- **Performer-oriented approaches:-**
 - Traits
 - Skills
 - **Behaviour – oriented approaches:-**
 - Critical incidents
 - Behaviorally anchored rating scales
 - Mixed – standard scales
 - Forced – choice scales
 - **Results – oriented approaches**
 - Management by objectives
 - Goal setting
-

Table 1: Approaches to measuring performance by Mohrman et al (p.50).

The specification of performance appraisal criteria is a recurring problem (Leatt, P. & Fried, B., 1988). One of the central issues is whether to evaluate traits, behaviors or outcomes of work. The trait approach, which is now outdated, evaluated such items as appearance, self-confidence, alertness and ambition rather than job-related behaviors, productivity or quality of work. Behavioral approaches identify critical job-related activities and behaviors and appraise the person's performance of these activities. Behaviorally anchored rating scales (BARS), which describe different levels of performance along a scale, exemplify the current application of this approach. For example, a scale that measures the behaviors associated with assessing a patient with chest pain would include a list of behavioral descriptions, from the worst level of performance to the best, with appropriate levels in between. Such an approach is a large task and approximates some of the steps taken in developing clinical practice guidelines.

The behavioral approach can be used in conjunction with peer evaluation. Three types of peer evaluation have been described: peer rating, peer ranking and peer nomination (Stone, T.H. & Meltz N.M., 1993). In peer rating, group members rate each other; in peer ranking, group members assign rankings to one another; and in peer nomination, each member of a well-defined group designates a number of group members as highest (and sometimes lowest) in an aspect of performance. The third type has been shown to distinguish with a high degree of reliability and validity group members whose performance is very good or very poor in the particular area (Kane, J.S., & Lawler, E.E., III, 1978). When there are few peers in the organization and the practice to be assessed is complex, a peer in the specialty from outside the organization conducts the evaluation.

Outcome approaches such as management by objectives and goal setting focus on the results of performance rather than on behaviors. Results-oriented systems are as much approaches to management as they are appraisal systems; the focus is on setting targets ahead of time so that employees know where to aim. Such approaches are based on the idea that people are more motivated and that their performance is improved when they have specific goals. There are three reasons why setting goals affects performance: it has a directive effect (channeling energy on a particular path), it requires workers to put forth effort and it requires them to be persistent - to expend directed effort over time (*Latham, G., 1990*). Generally, goals and ways of measuring their achievement are mutually established by the supervisor and the subordinate or among peers. In this way issues that are difficult to quantify but relevant to professional work can be addressed. There is a continuing debate over the merits of behavioral versus outcome-oriented performance criteria.

When Performance is Appraised?

In most cases physicians' performance is appraised annually when their credentials are renewed. Special cases may be addressed throughout the year. The more timely the feedback, the more likely it will influence performance. Communication must be continual to have an effect on attitudes. Therefore, the frequency of the appraisal depends on its function, the nature of the work and the characteristics of the person whose work is appraised.

How is Feedback Given?

Ideally, the timing of feedback should be flexible, depending on the needs of the professional and the organization. As I noted earlier, physicians are generally reluctant to address difficult performance situations formally. Poor methods of giving feedback can increase tensions in relationships that may already be strained. What factors will predispose a professional to listen to the issues presented? First, feedback must be seen as coming from a credible source - the appraiser must possess the necessary expertise, be trustworthy and work interdependently and possibly closely with the person being appraised (*Von Glinow, M.A., 1989*). Feedback is likely to be disregarded if the credibility issue is not addressed. Table 2 presents guidelines for a constructive feedback session.

Guidelines for providing feedback during performance appraisals.

1. Focus on relevant performance, Behaviour or outcomes, not on the individual as a person.
2. Present perceptions, reactions and opinions as such and not as facts.
3. Focus on specific, observable behavior, not on general, global impressions.
4. For feedback that is evaluative rather than descriptive, focused on established criteria.
5. Avoid loaded terms that produce an emotional reaction or raise defenses.
6. Focus on the area over which the person can exercise some control or for which he or she can use the feedback to improve or to plan alternative actions.
7. When encountering with defensive reactions, deal with the reactions rather than trying to convince, reason or supply other information.
8. Use a method of communication that conveys acceptance of the person as worthwhile with the right to be different.

Table 2: Adopted from center for creative leadership, 1976.

Feedback sessions are generally conducted one-on-one. However, a peer review survey suggests that feedback on quality-of-care issues conducted by a group of physicians can improve individual physician practice (*Gombeski WR, Day JR, Fay GW et al, 1992*).

Conclusions

Health care organizations depend greatly on a professional work force that is involved in defining its mission and carrying out its strategy. As such organizations become increasingly concerned with their effectiveness they must pay attention to employee and physician performance. The main challenges lies in developing performance appraisal systems are the demand of flexible and appropriate system to the professional staff. This paper has suggested that performance is improved when outcomes or expectations are defined, goals are set and timely feedback is given. These principles also apply to physicians, Nurses and other staff of hospital, particularly as their roles are affected by the restructuring of health care.

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