

IMPORTANCE OF PERFORMANCE MANAGEMENT IN HOSPITALS

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ABSTRACT

Employee performance management is a key element in HRM as it directly affects employee satisfaction. Healthcare sector internationally and in India is growing at tremendous pace and needs professional approach. NABH a board for accreditation of hospitals has stressed the need for effective performance management system. Factors influencing HR need careful attention. Performance management is also associated with various problems and use of proper model of the same meeting aspirations of employees is necessary. This would lead to greater employee satisfaction and organizational prosperity.

Objectives : This articles aims at

- 1 Understanding national and international scenario in HRM in healthcare sector.
- 2 Analyze objectives of Performance appraisal
- 3 To examine factors affecting Performance appraisal
- 4 To study problems associated with performance appraisal process
- 5 To suggest remedial measures for effective PMS.

Key words : HR Strategies , Performance Management, Healthcare,

1.1 Introduction : Human Resource Function –Focus on Labour Management

Management of Human Resource all over the world has undergone a tremendous change in last thirty years. Even currently HR functions in various organizations have become so dynamic that

most of HR executives are required to gear up to face the change and challenges. In initial period of industrialization, industries required huge employment of labour and basic job of all HR executives was managing Labour Relations. Incidental activities involved Administering Welfare facilities, Maintaining Industrial Hygiene, Safety etc. During eighties there has been a transition from Labour Management to Personnel Management to HRM .This was basically a maintenance function and concentration was on developing Personnel policies, Wage and Salary Administration, maintaining personnel records, etc. This approach required a change and treating human being as an important resource plan for its development to suit organizational needs .Accordingly Personnel management has yielded place to Human Resource Management.

1.2 Transition to HRM : There is no need to overemphasize importance of Human Resource in any organization. Even in current business scenario .one finds that on one side there is large unemployment, while on the other side suitably skilled manpower is not available. Hence all over the world organizations have been introducing various Human Resource Practices to improve Organisational Effectiveness and Personal effectiveness of employees.

1.3 HRM in Hospitals – International Scenario : This information is based on research carried out by Karen Bloor Alan Maynard of University of York in March 2003 and published by Canadian Health Services research foundation as “ **Planning human resources in health care: Towards an economic approach An international comparative review**”

To inform the design and development of improved workforce planning, a review of healthcare systems was done in five countries: Australia, France, Germany, Sweden and the United Kingdom. A number of key implications emerged:

- All countries examined have a partial approach to planning, and ignore relationships between health professions.
- Most countries have some central planning when it comes to the medical workforce, ranging from planning medical student intake to forecasting future demand for doctors, which is often inadequate.

- Most countries have some central planning of the nursing workforce and allied professions, but with less systematic approaches to forecasting demand.
- While there has been some control of overall staff numbers, little or no attention has been given to the distribution of medical and nursing staff between specialties and regions, resulting in inequalities.
- Despite attempts to plan, all countries have experienced cycles of shortages and surpluses of health professionals, perhaps most acutely in the nursing workforce.
- A number of countries, including the UK and Sweden, rely on the immigration of health professionals from other countries, such as Spain, as a short-term fix for shortages.
- There is little or no performance management of health professional staff, particularly in the medical profession, so it is difficult to plan and measure efficiency.
- Performance problems are perpetuated by poor access to information, weak management and an absence of systematic continuing education and re-accreditation.
- In general, there is a lack of attention to basic economic principles: the role of incentives is largely ignored, and supply elasticity in the labour market are, for the most part, unknown and poorly researched. It is often assumed that manipulating price alone will control expenditure, without paying attention to volume.

There is clearly a need to better integrate planning across the professions, with special attention to skill mix and geographic balance. Effective development of skill mix requires legislative change and incentives for physicians that encourage advancement.

1.4 HRM In Hospitality and Healthcare in India –Huge employment of staff

In India earlier the medical profession was more or less family based and there was a concept of family Doctor who was more or less a generalist and was to take care of all routine and minor illnesses. But due to increase in number of diseases and research and developments in the field of medical science there has been a need of specialists in various areas like Cardiology, Radiology, Pathology, Orthopedics, Pediatrics etc .Individual Doctors were not able to cope up with increase demand of the society and there has been a tremendous growth of various specialty and super specialty hospitals which were initially managed individually or by a small group of Doctors.

There has been need to offer professional services in these areas. Indian medical profession has been equally competent as compared to foreign medical services. Medical expertise and care is available at a much cheaper rate in India as compared to foreigners. Hence, this is promoting medical tourism in India. This has created huge employment in health care sector. Accordingly there has been a need to introduce and strengthen various HR Management Systems in Health Care Sectors. The same is being analyzed in forthcoming paragraphs. In India Many Indian Doctors have started frequent interaction with foreign counterparts and are desirous of acquiring additional skills through training in their field of study. Hospitals, Diagnostic Centres, Medical Equipments manufacturing companies and Pharmaceutical companies are experiencing growth. Indian companies are engaging in foreign tie ups. Hence Multinationals are looking forward to investment in healthcare sector. Hospitals involve huge investment and engagement of sizeable manpower.

. 1.5 Factors influencing HRM in hospitals

- ❖ There has been increasing awareness among people regarding health related problems. Stress factor has further increased human attention to it.
- ❖ People expect efficient Medical Services from Hospitals thereby requiring professional approach
- ❖ Complexities are increasing in Hospital Administration, thereby requiring Trained Professionals in this field.
- ❖ WHO report has indicated inadequacy of Health Centers in India.
- ❖ India is experiencing increased Medical Tourism due to cost effectiveness and Professional Expertise.
- ❖ Latest innovations have substantially increased the level of Investment in Healthcare sector
- ❖ Commercial viability of Medical Services in general, especially Hospitals is an important issue.
- ❖ Patients, their Relatives, Doctors and Para Medical staff is undergoing through a complex relationship.

- ❖ Foreign companies are looking for tie-ups in Healthcare Sector
- ❖ For improving overall effectiveness, Hospitals need to strengthen Human Resource Management Function.

1.6 PERFORMANCE MANAGEMENT- Michael Armstrong and Angela Brown define

Performance Management is a strategic and integrated approach to delivering sustained success to organization by improving performance of people who work in them and by developing the capabilities of them and individual contributions. Thus PMS is

Strategic Process

Integrated Process

Concerned with performance improvement

It is concerned with development

1.7 Current scenario of Employee Performance appraisal

Employee Performance Management has always been a critical factor all organizations .In fact there is no activity in this world which does not need continuous evaluation. In traditional organizations, employee evaluation processes may be defined or undefined. These practices might have been well developed or elementary. But ultimately there is a need for scientific system evaluation of Professionals engaged in Medical profession as well.

There has been a gradual shift from running individual clinics to develop multi specialty hospitals. Their size and quantum varies. There are cases of Mergers, Take over and tie-ups in Healthcare sector as well. Accordingly there has been a large employment in the Hospitals. Not only, there is an increase in number of employed Doctors but also there a sizeable employment of para-medical and other service staff. This involves an element designing and implementing suitable salary/remuneration systems.

1.8 NABH Norms - National Board of Accreditation for Hospitals and Healthcare providers

National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent

board of Quality Council of India, set up to establish and operate accreditation programme for healthcare organizations. the board is structured to cater to much desired needs of the consumers and to set benchmarks for progress of health industry. The board while being supported by all stakeholders including industry, consumers, government, have full functional autonomy in its operation.

Professional hospitals have understood a need to improve quality services and hence are getting accreditation from NABH- National accreditation board for hospitals ..NABH standards prescribe an effective performance system in the organization. Two relevant norms prescribed by NABH are being explained as under

HRM.5 Norms of NABH under the head HRM for Performance Appraisal read as under
An appraisal system for evaluating the performance of an employee exists as an integral part of the human resource management process

- Objective elements
 - a) A well-documented performance appraisal system exists in the organization.
 - b) The employees are made aware of the system of appraisal at the time of induction.
 - c) Performance is evaluated based on the performance expectations described in job description.
 - d) The appraisal system is used as a tool for further development.
 - e) Performance appraisal is carried out at pre defined intervals and is documented
 - f) It also provides norms for training which has a direct link with PMS.

NABH norms also prescribes related standard for training activities

HRM.3 There is an ongoing programme for professional training and development of the staff
Objective elements

- a) A documented training and development policy exists for the staff.
- b) Training also occurs when job responsibilities change/ new equipment is introduced.
- c) Feedback mechanisms for assessment of training and development programme exist.

Hence there is a need for introduction of sound Performance Management System in hospitals .

1.9 A research paper published in 2006 about HR in healthcare has indicated following

Salient features

Proper management of human resources is critical in providing a high quality of health care. A refocus on human resources management in health care and more research are needed to develop new policies. Effective human resources management strategies are greatly needed to achieve better outcomes from and access to health care around the world.

HR in Healthcare clarified : Human resources, when pertaining to health care, can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention As arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services As well as the balance between the human and physical resources, it is also essential to maintain an appropriate mix between the different types of health promoters and caregivers to ensure the system's success

1.10 Impact: The impact of human resources on health sector reform

When examining global health care systems, it is both useful and important to explore the impact of human resources on health sector reform. While the specific health care reform process varies by country, some trends can be identified. Three of the main trends include efficiency, equity and quality objectives Various human resources initiatives have been employed in an attempt to increase efficiency. Outsourcing of services has been used to convert fixed labor expenditures into variable costs as a means of improving efficiency. Contracting-out, performance contracts and internal contracting are also examples of measures employed

1.11 HR Strategies and Practices

Many human resources initiatives for health sector reform also include attempts to increase equity or fairness. Strategies aimed at promoting equity in relation to needs require more systematic planning of health services

Some of these strategies include the introduction of financial protection mechanisms, the targeting of specific needs and groups, and re-deployment services. One of the goals of human resource professionals must be to use these and other measures to increase equity in their countries.

Human resources in health sector reform also seek to improve the quality of services and patients' satisfaction. Health care quality is generally defined in two ways: technical quality and socio cultural quality. Technical quality refers to the impact that the health services available can have on the health conditions of a population.

Socio cultural quality measures the degree of acceptability of services and the ability to satisfy patients' expectations.

1.12 Objective of Performance Management System

Performance management: The vision was to hold all faculty and staff accountable and to reward individual and team performance. With this strategy, managers would be able to provide feedback and coaching to employees in a more effective and timely manner.

1.13 USES OF AN APPRAISAL SYSTEM

A properly designed performance appraisal system can (Rao, 1985): help each employee understand more about their role and become clear about their functions;

- be instrumental in helping employees to better understand their strengths and weaknesses with respect to their role and functions in the organization;
- help in identifying the developmental needs of employees, given their role and function;
- increase mutuality between employees and their supervisors so that every employee feels happy to work with their supervisor and thereby contributes their maximum to the organization;

- act as a mechanism for increasing communication between employees and their supervisors. In this way, each employee gets to know the expectations of their superior, and each superior also gets to know the difficulties of their subordinates and can try to solve them. Together, they can thus better accomplish their tasks;
- provide an opportunity to each employee for self-reflection and individual goal-setting, so that individually planned and monitored development takes place;
- help employees internalize the culture, norms and values of the organization, thus developing an identity and commitment throughout the organization;
- help prepare employees for higher responsibilities in the future by continuously reinforcing the development of the behaviour and qualities required for higher-level positions in the organization;
- be instrumental in creating a positive and healthy climate in the organization that drives employees to give their best while enjoying doing so; and
- assist in a variety of personnel decisions by periodically generating data regarding each employee

1.14 HUMAN RESOURCES IMPLICATIONS OF THE FACTORS

Therefore, human resources professionals will also need to have an understanding not only of the HR area, but of all areas of an organization, including strategy, finance, operations, etc. This need will have an impact on the educational preparation as well as the possible need to have work experience in these other functional areas.

1.15 Need for Performance Management System

In the wake of the industrial developments and to increase the productivity at the same time to maintain quality strategic tools are vital to evaluate the practices of the employees.

Pearce and Porter define : Performance appraisal (PA) is an important management tool to assess employees' efficiency in the workplace, and may be defined (Pearce & Porter 1986), as a structured formal interaction between a subordinate and supervisor

that usually takes the form of a periodic interview (annual or semi annual) to evaluate the work performance.

PA is intended to engage, align, and coalesce individual and group effort to continually improve overall organisational mission accomplishment (Grubb 2007).

It provides a basis for identifying and correcting disparities in performance.

Thus, it is activities oriented and is a rational, formalised, legitimate test using observation and judgment.

Systematically, PA reviews each employee’s work performance during a specific period, evaluates and records it for future reference.

Essentially, weaknesses and strengths of individuals are examined and discussed to identify opportunities in view of establishing improvement and skills development.

Many authors (Oberg 1972, Colby & Wallace 1975) have pointed out the shortcomings of existing appraisal systems. They have noted that many appraisal systems are:

- (a) not relevant to organisational objectives,
- (b) subject to personal bias, and
- (c) are often influenced more heavily by personality than by performance.

1.16 PERFORMANCE APPRAISAL SYSTEMS : PROBLEMS

Measurement	Judgement	Policy	Organization
Deciding what to evaluate	Appraising performance	Using the results of the appraisal	Recognizing how managers work and the organization culture
SYMPTOMS			
<input type="checkbox"/> Ambiguity in roles and responsibilities of	<input type="checkbox"/> Disagreement in ratings	<input type="checkbox"/> Top management fails to reward managers who are	<input type="checkbox"/> Appraisal frms not completed

each job <input type="checkbox"/> Job performance is difficult to quantify <input type="checkbox"/> No clear statement of overall objectives of units or the organization <input type="checkbox"/> Appraisal contains only numerical indices	<input type="checkbox"/> Official review changes ratings <input type="checkbox"/> Appeals, grievances, accusations of bias, discrimination	excellent in staff assessment and development <input type="checkbox"/> Marginal performers receive promotions or salary increases	<input type="checkbox"/> Managers complain about time needed <input type="checkbox"/> System seen as belonging to the designers, not the users <input type="checkbox"/> Personnel/HR specialists take enforcer not adviser role <input type="checkbox"/> system revised frequently
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POTENTIAL CURES

Job analysis and credible , job description Outcomes of each job identified Overall goals set for units and the organization Train managers to make documented judgments	Observable, behaviourally based criteria Performance documented over time rater training and practice Effective communication of performance expectation	Top management actually uses performance appraisal itself Policies for performance appraisal consistently applied performance-contingent reward system operates	Implement performance appraisal using the Performance Management (PM) model
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Source: Craig, E. S., Beatty, R. E., and Baird, L. S. 1986. How to contract a successful performance appraisal system. *Training and Development Journal*, April: 38-42

1.17 Model of Performance Management System -Data Envelopment Analysis

Approach With a view to eliminate these shortcomings, an attempt with a computer

based tool called Data Envelopment Analysis (DEA) is used in the present work to evaluate the performance. Nevertheless, several have agreed that well designed and properly used appraisal systems are essential for effective functioning of

This paper describes the use of DEA to improve methods of measuring employees' efficiency for a small manufacturing industry. The objectives of current study are fivefold.

- ❖ Evaluate and rank the employees based on their performance using the DEA
- ❖ Determine the peer for each underperforming employee
- ❖ Identify the weak factors of each inefficient employee
- ❖ Set target values for all the output factors for the inefficient employees
- ❖ Formulate recommendations and suggestions to the management, which should lead to enhancing employee efficiency

This is carried out through a schematic diagramme as under

Figure 1

Schematic representation of performance appraisal system

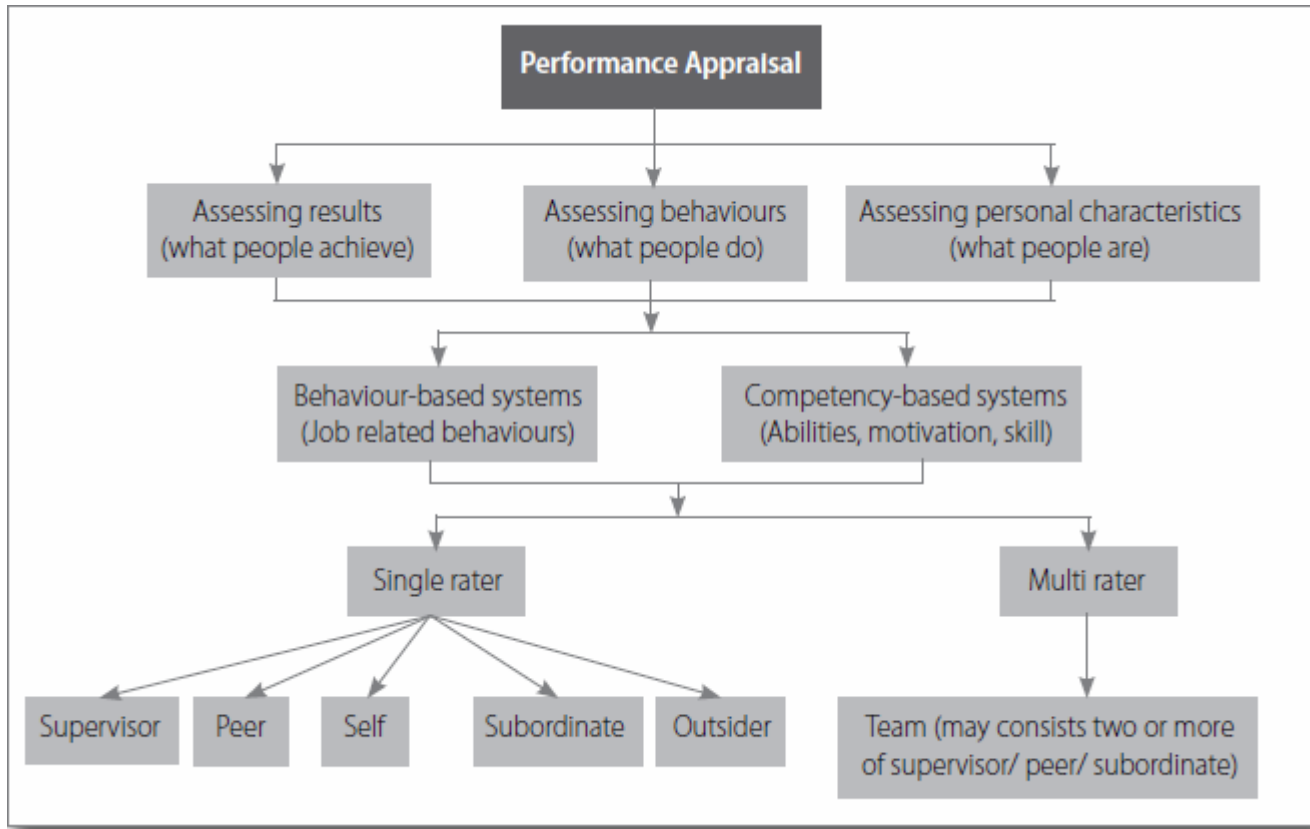


Table above explains the classification of the traditional methods of performance appraisal. It is based on qualitative features, quantitative dimensions and is objective in nature. The former two elements take the category of either an absolute or a relative standard. These forms of appraisals are normally made by a supervisor, team members, peers, self, a subordinate or even an outsider. Managements of Organisations establish performance standards and devise instruments and methods that can be used to measure and appraise an employee’s performance. DEA, which provides the result on employees’ performance as a single quantity, which is derived relatively, and not against any specific prescribed criteria.

The inclusion of qualitative factors is one of the novelties of DEA. DEA is technique for assessing the relative efficiency of comparable units with a view to improving their performance. Differences among like units exist, but they are measurable

1.18 Limitations : Some of the limitations of traditional qualitative methods are overcome by traditional quantitative methods. However, traditional quantitative methods of PA have its own limitations. In these approaches input/output factors and ratios are individually considered. For example, Overcomes the errors and disadvantages of qualitative methods

1.19 WHERE IT IS USED - DATA ENVELOPMENT ANALYSIS (DEA)

- Assess the performance of police forces in England and Wales
- Performance appraisal of engineering design personnel
- Performance appraisal of primary care physicians

DEA is an appropriate method of evaluation of employees. Apart from giving individuals an efficiency score DEA is also able to identify the following five features.

1.20 Features of DEA

- The efficiency frontier which consists of the best practice units
- The most and the least efficient units, which are ranked accordingly. The efficiency rating of any unit reflects its distance from the frontier, and it is equal to 1 for all efficient units and is less than 1 for all inefficient units
- An efficiency reference set, or peer group, for each inefficient unit. This is a subset of all the efficient units closest to the unit under evaluation, it contains the efficient units which have the most similar input output orientation to the inefficient unit, and should, therefore, provide examples of good operating practice for the inefficient unit to emulate
- Input output target levels for each inefficient unit that would, if reached, make that unit relatively efficient (i.e., increase its rating from less than 1 to exactly 1)
- Critical inputs and outputs for any inefficient unit which need to be given priority during the application of an improvement procedure
- Unlike statistical methods of performance analysis, DEA is non parametric in the sense that it does not require an assumption of a functional form relating inputs to outputs

- The sources of inefficiency can be analyzed and quantified for every evaluated unit
- Large volumes of data can be handled
- DEA can handle multiple inputs and multiple outputs, and they can be measured in very different units of measurement

Unlike traditional performance appraisals, DEA searches for the efficient employees who will serve as role models. A DEA aided appraisal process has four potential benefits.

- Determines the performance levels of employees relative to others
- Finds the shortfalls in the outputs and surpluses in inputs for employees
- Ranks the employees in terms of their performance
- Set targets for inefficient employees to become efficient

DEA assists decision making on employee training, recruitments, and dispersion of bonuses and incentives. There is an obvious need for such tools, which can improve human resource decision making. The employees' data are available in the database of the organisation peers and utilising their services for cross training. Thus, DEA present an alternative perspective on assessing PA systems.

1.21 Following important guidelines have been given for effective Performance System .During performance appraisal, distinguish between...

Accomplishments and Activity

Working efficiently and Working effectively

Work and Important work

Working hard and Working smart

Source: Nickel, L. J. 1989. *Research Management for Development: An Open Letter to a New Agricultural Research Director*. San Jose, Costa Rica: ICCA.

1.22 Conclusion

Thus after reviewing present status of HRM in healthcare it is evident that more or less problems faced by different countries are similar. HR function has not been due importance in health care industry. Employees have not been able to face challenges created by technological development in the field . An effective performance management system is an essential requirement of the day.

Performance is influenced by following factors

- 1 Personal Factors: The individual's skills competence , motivation and commitment.
- 2 Leadership factors : The quality of encouragement, guidance and support provided managers and Team leaders
- 3 Team factors : The quality of support provided supported by colleagues.
- 4 Systems factors: The systems of work and facilities provided by the organization.
- 5 Contextual factors : Internal and External Environment pressures and changes.

Cardy and Dobbins 1994 point out that traditional approaches to performance Appraisal attribute variations to personal factors when they could be caused in part or entirely by situational or systems factors.

Deming 1996 made the same point more forcibly. Performance review must therefore consider not only what individuals have done but also the circumstances in which they have had to perform.

Accordingly Performance of a company depends on how effectively leader manages it.

Various case studies illustrate that effective human resources management is crucial to health care in a practical setting and that additional human resources initiatives are required if solutions are to be found for the major problems in any health care system. Most of hospitals in Pune by now have established HR department and some of them are being headed by the professionals of the rank of General Manager.

- + Researcher had an opportunity to study HR systems of 14 big hospitals in Pune**
- + Only one hospital is headed by a person of General Manager level.**
- + Three of them are headed by Senior HR Managers.**
- + All others have executive level persons heading HR department.**

In three of the hospitals no performance management system exists. This is adversely affecting performance of the hospital. Occupancy of beds goes down affecting adversely profitability of the hospital. HRM activities in those hospitals are minimal.

Average attrition rate in certain categories is as high as 35% per year .

An ineffective performance management system is one of the causes of this attrition. Some of the hospitals are using traditional PMS. But it has been found to be inadequate. Some of HR managers feel that it does not meet needs of medical profession. Medical system has its own peculiarities .Earlier and even currently in some cases it has been an owner driven profession. But with advent of time professional management is becoming essential. Many new multispecialty hospitals are coming up increasing competition in the field. However much is needed to strengthen them. An effective Performance Management system is one of such HR initiatives .

Recommendations :

Accordingly Healthcare sector needs to establish an efficient Performance Management system to

- 1 To reduce employee attrition
- 2 To cater to technological advances in medical field
- 3 To meet aspirations of employees and
- 4 To identify training needs and also training them to face the challenges of ever increasing sector.

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