EMPLOYEE PERFORMANCE APPRAISAL IN HEALTH CARE ORGANIZATIONS: A SYSTEMATIC REVIEW SEARCH

Abbas HOMAUNI1, Ali Mohammad MOSADEGHRAH1, Ebrahim JAAFARIPOOYAN1

1Department of Health Economics and Management, School of Public Health, Tehran University of Medical Sciences, Tehran, Iran.

*Corresponding Author
E-mail: jaafaripooyan@tums.ac.ir

ABSTRACT

Performance appraisal could have a critical role in identifying workforce strengths and weaknesses, determining their educational needs, and developing an appropriate compensation system. This study aimed to investigate the various aspects of employee performance appraisal in the health sector. The search covered mainly such databases as Web of Science, PubMed, and Scopus from the year 2000 to 2019. The paper selection was conducted at three stages; first, the titles were scanned and those not related to the research question were excluded. Then, the abstracts were screened, and finally, the full-text screening was carried out. Out of 8022 studies retrieved, 11 records were finally selected. The dimensions of employee performance appraisal in health care organizations, as echoed in the literature, consisted of the purpose of performance appraisal, methods of performance appraisal, indicators of performance appraisal, and the applications of appraisal results. Given the prominence of human resources for organizations in the health sector, drawing on the cross-national experiences to explore the most relevant dimensions for developing an ideal performance appraisal program is highly critical for managers. Further emphasis on the contribution of employees in all steps of the performance appraisal program was frequently iterated.

Keywords: Employee, Performance appraisal, Healthcare organization, Systematic review.

INTRODUCTION

The workforce plays an undeniable role in most organizations nowadays, insofar as their success or failure mainly depend on their employee performance. In today's competitive world, managers are expected to increase their organizational productivity and employees are a key factor to achieve this goal (Etebarian et al., 2016). Manpower is further the source of organizational competitive advantage, as it could facilitate the utilization of other resources such as money, machine, methods, and material (Idowu, 2017). Therefore, organizations are investing enormously in their employees’ development (Sharma & Sharma, 2017). The high performance of the employees is expected to generate considerable improvement in organizations. Enhancing the capabilities of the employees could have a direct impact on the overall performance of organizations (Bulto & Markos, 2017).

The health sector featuring specific peculiarities mainly including service urgency and criticality and user information asymmetry (Sendawula et al., 2018) needs a different
perspective for human resource management (HRM). Proper management of the human resource in healthcare organizations (HCOs) is essential for providing efficient and effective health services and for gaining customers’ satisfaction (Huettermann & Bruch, 2019). HRM strategies are required for better performance results in the healthcare system and better access to healthcare (Wilkinson et al., 2019). The HRM in the health sector is an essential issue for providing quality services for the public (Madden et al., 2018).

A key step in HRM is employee performance appraisal (hereafter, EPA), the most complex and controversial task of the HRM (Roberts, 2003). It is a prerequisite for many other activities of HRM such as performance feedback, employee training, and employee development (Fashoto et al., 2018). EPA is also a basis for improving employee performance and, if conducted correctly, would affect the scope and quality of employees’ responsibility and responsiveness (Apak et al., 2016). The performance appraisal could be a self-control and assessment system for the employees playing a significant role in the improvement and development of the employees and their organization (Baird et al., 2020).

EPA is defined as a ‘process by which the work of the employees are assessed and measured formally and in a regular period’ (Longenecker & Fink, 2017). The purposes of performance appraisal in HCOs are monitoring the performance of the personnel, increasing their motivation, and at last, improving the performance of the organization ultimately enhancing customer satisfaction and the performance of the total health system (Ismail & Gali, 2017). The data produced in the performance appraisal process may also be used for hiring new employees, training and developing current employees, and maintaining and motivating those with good performance.

There are various methods of performance appraisal in practice. Three main types include; confidential appraisal: employees are not involved in the evaluation process and appraisal outcome, as well as their strengths and weaknesses, is not communicated to the one being appraised. Semi-open and semi-secret appraisal: performance appraisal process is transparent at the beginning and secret later. For instance, the appraisee fills an appraisal form then their superior rates them and returns to be signed. The subordinates would not hear anything about their performance outcome. Finally, in the open appraisal method, appraisees are entirely open to the process and can see their strengths and weaknesses. This system would reveal and create self-awareness (Mone & London, 2018). Other methods are essay appraisal, graphic rating scale, checklist method, critical incident, ranking method, management by objective (MBO), tell and sell method, tell and listen method, a problem-solving method, and 360-degree appraisal method (Awan et al., 2020).

Nowadays the modern organizations evaluate the performance of their employees by their part in attaining the organizational goals, and performance appraisal has a strong link with the organization’s strategies and goals (Audenaert et al., 2021). The survival and competitiveness of the organizations, to a large extent, depends on their ability to perform an appraisal and measuring the employees’ contribution in attaining the organizational goals (Mwita & Andrea, 2019).

Despite all efforts made for performance appraisal of HCOs and their enormous costs, sometimes they fail in achieving practical results (Saratun, 2016). One of the main reasons for these failures is the incompetency of the managers. Public organizations, including HCOs,
usually lack proper EPA systems giving rise to several problems such as inefficiency and dissatisfaction (Harris et al., 2007). Although there are several models and methods for performance appraisal overall, few of them are known or used in the health sector. Therefore, the present study was performed to identify the dimensions and characteristics (strengths and weaknesses) and provide strategies for the identified weakness of performance appraisal systems in HCOs.

**Evidence Acquisition**

Those databases as Scopus, PubMed, and Web of Science and Google Scholar search engine were systematically searched using this search strategy: [employee OR staff OR personnel OR human resources OR manpower OR workforce] AND [performance OR function OR productivity] AND [appraisal OR assessment OR evaluation OR monitoring OR management] AND [health OR clinical OR medical OR hospital OR healthcare OR public]. The search and selection process of the studies is presented in Figure 1.

**Figure 1.** Process of search and selection of paper for review of employee performance appraisal in healthcare organizations

**Selection and Screening:** Paper selection was conducted at three stages; at first, the title of articles was scanned and those not related to the research question were excluded. At the second step, the abstracts were screened, and finally, the full-text screening was carried out. In the case of any doubt about the eligibility of the articles, the given article was sent to the next
phase. The candidate articles were retrieved and checked by two authors independently (AH&EJP) and then referred to the third author (AMM) if any mismatch emerged.

Inclusion criteria consisted of English and Persian languages, publication date from 2000 to 2019, and evaluation of employee performance in public or non-for-profit HCOs. This also included the commentaries, letters to editors and studies were evaluating the performance of the organization, describing the methods of performance appraisal and their advantages and disadvantages rather than its application in a real HCO. Relying on these criteria, No specific quality appraisal was conducted as the purpose was to identify as much study as possible.

Extraction and Synthesis: a researcher-developed data extraction form was used including; the purpose of performance appraisal, method of communicating the purpose to the employees, indicators of performance appraisal, advantages and disadvantages of the indicators in the employees’ view, methods of scoring performance, usages of performance appraisal results, dimensions of EPAs, advantages, and disadvantages of performance appraisal systems, and the solutions for improving an EPA.

After reviewing and appraising the included papers, data about the information in extraction form was calculated by the researcher and the findings will be presented as a narrative synthesis.

RESULTS AND DISCUSSION

A total of 8307 papers were identified in the initial search (Figure 1). Duplications were identified and deleted after exporting the results. A preliminary review of the titles, abstracts, and then full texts resulted in the identification of 11 papers for final review. No more papers were identified in the search of the grey literature.

Out of the 11 full-text papers included in the study, 9 (75%) were in English, and the rest in the Persian language. Four dimensions for EPA were identified (Table 1).

Table 1. Dimensions of EPA systems

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Number of studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purposes of performance appraisal</td>
<td>4</td>
</tr>
<tr>
<td>Indicators of performance appraisal</td>
<td>10</td>
</tr>
<tr>
<td>Methods of performance appraisal</td>
<td>9</td>
</tr>
<tr>
<td>Uses of performance appraisal results</td>
<td>8</td>
</tr>
</tbody>
</table>

The summary of the results of the review of studies is shown in Table 2.

Table 2. Summary of the results of reviewing studies

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Summary of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose of performance appraisal</td>
<td>Improving the quality of care and morale of employees in HCOs, performance monitoring, motivation, performance improvement, identification of educational needs, human resource improvement, making a basis for employee rewards, and training for employee empowerment and organization development</td>
</tr>
<tr>
<td>Indicators of performance appraisal</td>
<td>Indicators should be clear, reliable, understandable, measurable, relevant, explained to the employee by the direct supervisor, should be able to measure the share of the employee in achieving organizational goals</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Methods of performance appraisal</td>
<td>The accuracy and validity of the appraisal tool are very important. The evaluator should know how to evaluate and what to evaluate so that if another person repeats the appraisal, get the same results, employees' contribution in appraising is so important.</td>
</tr>
<tr>
<td>Methods for eliciting feedback and use of the performance appraisal results</td>
<td>The feedback in the form of positive enforcement would increase the motivation of the employees. Employees must believe that the feedbacks are not unreal or threatening. Appraisal results are used in compensation, performance improvement, and documentation. It can also be used in decisions about the employees (promote, move, fire), analysis of educational needs of the employees, and employee development. Performance appraisal can lead to an educational policy. The strengths and weaknesses of the employees are identified through the performance appraisal and then the needed educations and training are planned for the employees.</td>
</tr>
</tbody>
</table>

**Purposes of EPA**

Four papers articulated the purpose of performance appraisal (Roberts, 2003; Zaboli et al., 2005; Rolle & Klingner, 2012; Choudhary & Puranik, 2014). Choudhary and colleagues stated that the ultimate goal of an EPA is to improve the quality of care in HCOs (Zaboli et al., 2005). Moreover, they stated that the main reason for the performance appraisal is performance monitoring, motivation, and improving the morale of employees (Choudhary & Puranik, 2014). Rolle and Clinger had mentioned in their study: “the exact communications on the purpose of performance appraisal and the employee contribution in the performance appraisal” are the characteristics of a good performance appraisal system (Rolle & Klingner, 2012).

Some other purposes of EPA are performance improvement, identification of educational needs, human resource improvement, making a basis for employee rewards, and training for employee empowerment and organization development (Zaboli et al., 2005). Considering the performance goals of the employees, it is stated that the goals should be specific, challenging, or relatively hard to achieve, and also acceptable for the employees. Because setting the performance goals along with the performance appraisal would lead to increased satisfaction of the employees (Roberts, 2003).

**Indicators of EPA**

Approximately all studies (10 out of 11) have explained the indicators of the performance appraisal. A key issue linked with the performance appraisal indicators is that they might be vague and irrelevant to the job of the employees (Rolle & Klingner, 2012). Whilst, those should be able to measure the share of the employee in achieving organizational goals along with being clear, understandable, and measurable (Vasset et al., 2011). They are expected to measure the main tasks of the jobs and their responsibilities with a balance between the work process and outputs and also between individual and group performance (Roberts, 2003).
Many organizations apply qualitative and quantitative indicators at the same time (Buchelt, 2011). Three approaches were mentioned to develop the indicators of performance appraisal: performance-oriented, behavior-oriented, and result-oriented (Choudhary & Puranik, 2014). In addition, Zaboli and colleagues used the balanced scorecard for EPA including customers, organizational processes, financial, growth, and innovation (Zaboli et al., 2005). As such, various factors might be considered for developing the indicators as individual performance, competency/attitude and behavior, experience in a job position, and general work experience and they might assume different weights (Fekete & Rozenberg, 2014).

Kundo (2015) introduces other dimensions including job-related knowledge, quality of work (eg. the value, accuracy, and acceptance of the work in comparison to the standards), communications skills in daily interactions with internal and external customers, the ability to problem-solving (i.e. the degree of reasoning and interpretation performed at the work), the orientation of the services (ability to provide high-level services for internal and external customers of the organization), teamwork, innovation (the extent of the energy and talent shown by the employee), commitment to the organizational goals, inter-personal relations, cost awareness (ie. trying to maximum use of the available resources and preventing resource wastes).

Ranayi and Saqapour (2017) stated that according to the organization excellence model, the employee performance can be assessed by using nine areas and sub-dimensions: ”leadership, strategy and policy, staff, processes, employee outcomes measurement, resources and partnership, customer outcomes, community outcomes, and key performance outcomes”.

Grigoroudis (2012) divides the performance appraisal indicators into four main categories of Work content (employee skills, willingness to know and progress on a subject, quality of work outputs, and leadership), Work practice (employee stability, reliability, and innovation), Work efficiency (on-time completion of the work, the reaction of the employee under work pressures, accepting the guidance, and compatibility), and the quality of work/communications (tendency to improve the organization’s picture, patient-orientation, cooperation with administrative departments, and communication with the patients).

Methods of EPA

Nine studies had mentioned issues related to the methods of EPA. In some cases, the used tool lacks the required effectiveness and lets the prejudice of the evaluator emerges (Rolle & Klingner, 2012). The evaluator should know how to evaluate and what to evaluate so that if another person repeats the appraisal, get the same results (Rolle & Klingner, 2012). Several methods are available for performance appraisal. For example, Musyoka reported that the NHS uses peer appraisal (evaluation by a coworker at the same level) for evaluating the performance of the general practitioners as the coworkers are highly likely to be in a good position to identify the strengths and weaknesses of the peers (Musyoka, 2015). Another example is the case of an acute care center that decided to assess ‘how the employees interact with each other and how they respect the regulations, policies and values’ beside the appraisal of the clinical performance of the personnel (Choudhary & Puranik, 2014).
The other approach towards the performance appraisal is ‘the top-down approach within which the manager evaluates the performance of the employees by some parameters’. Moreover, the employee fills self-assessment form and expresses what responsibilities he/she had and to what extent they have conducted the work-related tasks. This method focuses on the successes of the employee which should be approved by the upstream positions (Kundu, 2015). The patient opinions can also be used for the performance appraisal of the employees. In this method, the patients evaluate the employees including the nurses, physicians, and other personnel they were in contact with (Buchelt, 2011).

Employees’ contribution is very crucial to the success and acceptance of the performance appraisal by the employees and also increases their motivation (Vasset et al., 2011). Otherwise, employee resistance decreased motivation, useless paperwork might surface. The employees accept the results of the performance appraisal only when they understand the appraisal process, agree with the management on the performance standards, and trust the evaluators (Roberts, 2003).

Method of scoring should also be emphasized in the appraisal process. Managers, supervisors, and employees could discuss the scores of the performance appraisal (Fekete & Rozenberg, 2014). Scenarios could also be developed for each job position such as the preferences of managers for the job position. The measures get a weight according to the ward or department in which the employee works so that the sum of the weights equals 100. Calculation of the results among all employees makes it possible to calculate the total and final scores for each employee. MCDMs techniques such as the UTASTAR model could be also used to assign proper weights to the scores (Grigoroudis & Zopounidis, 2012).

Feedback and Uses of the Results

Eight studies assessed the feedback and uses of the results of the performance appraisal. Feeding the employee back about their performance is another way to improve the performance of the employees. The feedback in the form of positive enforcement would increase the motivation of the employees (Vasset et al., 2011). It might be conducted through continuous guidance, education, and support of employees and a real discussion between the employees and managers about their performance (Rolle & Klingner, 2012). Moreover, the employees must believe that the feedbacks are not unreal or threatening (Kundu, 2015).

The data produced by the performance appraisal is widely used in compensation, performance improvement, and documentation (Fekete & Rozenberg, 2014). It can also be used in decisions about the employees (promote, move, fire), analysis of educational needs of the employees, and employee development (Moon, 2019). The strengths and weaknesses of the employees are identified through the performance appraisal. In some organizations, the performance appraisal has led to the development of an educational policy (Buchelt, 2011). Results of the performance appraisal should be discussed in a case-by-case manner and its focus is placed on supervisor-employee communications. Along with the performance results, employees’ job problems and the possible solutions could be discussed (Kundu, 2015). An effective feedback system is, in fact, a flexible process that focuses on the performance of employees, not their character; on objective behaviors, not general perception; and on the part of the performance that can be changed by the employee not the one is not under their control. It further is based on pre-defined standards and avoids causing employees to get a defensive state (Choudhary &
In an effective EPA, the feedbacks are provided continuously and in both formal and informal ways. The employees can achieve the pre-defined goals when they receive regular and continuous feedback which is effective, in time, appropriate, specific, and from a valid source (Roberts, 2003).

Roberts stated that EPA is conducted once a year and formally is an imperfect system. This comprehensive review is aimed at exploring EPA systems’ dimensions, strengths and weaknesses, and strategies for improving their performance in HCOs. Performance appraisal is a key prerequisite for several functions of an effective HRM and its correct and accurate deployment is highly likely to improve employee performance, feedback, training, and development (Bayo-Moriones et al., 2020). If conducted properly, it is expected to increase the accountability of personnel and act as a basis for organizational efficiency and effectiveness (Hassan, 2016). Four general themes have overall emerged including the purpose of performance appraisal, methods of performance appraisal, indicators of performance appraisal, and methods of feedback and uses of the performance appraisal results.

Along with a diverse range of purposes for an EPA, the main objective was to improve the overall performance of the organization via employees’ performance (Choudhary & Puranik, 2014), and in turn, improving the health status of the society (DeNisi & Murphy, 2017). Employees are the most influential resource for HCOs and studies have shown that there is a direct relationship between the performance of the EPA system and employees’ motivation (Vasset & Vinje, 2020). Through identifying the strengths and weaknesses of staff, EPA aims to plan training courses (Khan, 2016).

It is crucial that the purpose of performance appraisal is well communicated and the objectives for each particular employee be developed with their contribution (Roberts, 2003), as rightly mentioned by Peter Drucker (Roth, 2009). Previous studies have shown that the awareness of employees on the purposes and standards of performance appraisal is likely to boost the acceptance of the performance appraisal system (Naeem et al., 2017), as previously debated by Chester Barnard (Jouda et al., 2016). Their contribution in setting the objectives could also improve their commitment (Islami et al., 2018).

As to the performance appraisal indicators, the main point mentioned is to avoid using ambiguous indicators as they might give such indicators some room for individual judgment and bias (Rolle & Klingner, 2012). The indicators should be, as possible, quantitative, not qualitative and descriptive (Buchelt, 2011). It is similarly suggested that the indicators be developed by the contribution of the employees and timely communication (Vasset et al., 2011). The indicators should be of a high level of sensitivity and specificity to differentiate the high and poor performing employees (Roberts, 2003). They could be split into the specific and general metrics of which the former measures the performance of employees according to mainly to their job descriptions and the latter based on organizational missions, programs, and actions. Therefore, the specific indicators for each employee are different, while the general indicators are mostly similar. It is suggested that the weight of general and specific indicators is set according to the occupational status (Alharbi, 2018).

The sources of evaluation data should be diverse. The interactions among employees and the extent they respect the values and policies of their organization can also be a critical source for evaluation (Choudhary & Puranik, 2014). For example, the opinions of patients can also be
used for assessing the performance of the clinical staff (Buchelt, 2011). An important issue here is to avoid prejudice (Yaghoubi et al., 2010; Elarabi & Johari, 2014) and to involve the employees (Roberts, 2003; Buchelt, 2011; Vasset et al., 2011). The prejudice leads to inequitable results and makes the employees lose their trust in the performance appraisal system (Majid, 2016). Sometimes the evaluators are too optimistic, too pessimistic, or too conservative. In this situation, the use of the Gauss curve (normal distribution) can help to identify those evaluators and then justify the scores (Fekete & Rozenberg, 2014).

Another important issue on the performance appraisal is the applications of its results and providing feedback to the appraisees. The latter should not just include negative feedback (Kundu, 2015) but also echoes the positive points of the performance. They are advised to be discussed at several regular meetings during the year with the employees (Mone & London, 2018), and within them, the employees ought to be allowed to freely speak about their problems in performing their tasks (Norohna et al., 2016). The results showed that sometimes the applications are not attended properly (Diamantidis & Chatzoglou, 2019). Some possible usages of the results entail promoting employees within the organization, decisions about reimbursement, in-service training courses (Morrish & Sauntson, 2016). In addition, the results of performance appraisal can be used for validating the recruitment and selection tests (Audenaert et al., 2019), and then by having a valid recruitment test, the organization will be able to better select its future employees (e Cunha et al., 2018).

CONCLUSION

The efficiency of EPA might be ensured if supervisors seek their staff contribution in the performance appraisal process. A key deficiency of performance indicators is that they are general and subjective and therefore do not provide a good basis for measuring staff performance and comparing them with each other. It is recommended that the performance indicators of each person be written based on the organizational action plan, personnel task description, and with all group participation.

In some EPA systems personnel are dissatisfied from appraiser prejudice. It seems that if indicators are designed properly, this problem will be resolved. Feedback about employee performance is usually given at the end of the year informal form, which makes it difficult for employees to identify and correct performance weaknesses during the time. It is suggested that in addition to formal feedback at the end of the year, informal and continuous feedback given to employees during the year to staff can continuously improve their performance. Roberts stated that EPA is conducted once a year and formally is an imperfect system (Roberts, 2003).

To conclude, reviewing EPA systems in various studies and drawing on their weaknesses and strengths, the following steps could be suggested, in sum, to improve the effectiveness of EPA systems:

- Before starting the EPA process, supervisors should hold a meeting with employees and clearly state their expectations. These expectations can be based on the action plans of each department or unit.
- Given the wide variety of occupations in HCOs, EPA indicators should be regularly revised by experts.
EPA indicators should be objective, quantitative, and measurable and cover all aspects of different jobs and be sensitive to employees’ strengths and weaknesses.

To avoid prejudice, supervisors should be educated upon perceptual errors and improper organizational behavior.

Feedback should be continuously provided to employees.

Employees are advised to be involved in all steps of EPA.

ACKNOWLEDGMENTS: This research has been supported by Tehran University of Medical Sciences and Health Services grant 96-06-14-40543. We are grateful to the study participants for their time and viewpoints.

CONFLICT OF INTEREST: None

FINANCIAL SUPPORT: Tehran University of Medical Science and Health Services grant 96-06-14-40543.

ETHICS STATEMENT: Ethical approval for this study was obtained from the research ethics committee of Tehran University of Medical Sciences on March 13, 2018 (number: 4826). Informed consent was obtained from all participants before the study, and individual identifiers were not used during data analysis.

References


