

PERFORMANCE MANAGEMENT SYSTEMS: A STUDY ON HEALTH CARE SECTOR

Dr. Sneha Ravindra Kanade*

Prof. Kerena Anand**

Abstract:

An employee's fate in the organization is government by the employee appraisal in the organization. Appraisal process brings together the management practices with the knowledge management, learning and development. Decisions regarding salary fixation, confirmation, promotion, transfer and demotion are taken based on performance.

Provide feedback information about the level of achievement and behavior of the subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work.

The ultimate aim of the healthcare industry is to maintain high level of motivation and quality of work in order the maintain the standards of the companies. It is pure process of value creation and actions to control and reward the value creation.

This research paper aims at understanding the organization practices with respect to organization practices, employee perception, and process dimensions.

The research paper proposes to suggest measures for effective value creation, gives insight about employee perception. The key result areas if made more streamlined then there will be no

* Assistant professor – MBA, Krupanidhi School of Management, #12/1, Chikkabellandur, Carmelaram Post, Varthur Hobli, Bangalore – 560035

** Dean – Academics, Krupanidhi School of Management, #12/1, Chikkabellandur, Carmelaram Post, Varthur Hobli, Bangalore – 560035

ambiguity in fulfilling the job responsibilities. Organizations should take an initiative in encouraging youth employment which gives new perspective to various functions of the organization.

Keywords: Performance management systems, employee perception, performance appraisal, performance management process dimension, healthcare industry.

Introduction:

Performance Management which is a part of human resource management is a process that brings together many people management practices including learning and development. It is a process which contributes to the effective management of individuals and teams in order to achieve improved levels of individual and organizational performance and development.

Performance management is about establishing a culture where individuals and teams take responsibility for continuous improvement of service delivery and of their own skills, behavior and contributions. It is therefore a strategic process, long term in nature, aimed at the development of an appropriate culture linking people management, service issues and long term goals. It is not a once off quick fix process. It is a tool to ensure effective management which results in individuals and teams. Human Resource Development in a broad organization context can be defined as a process in which the employees of an organization are continuously helped in a planned way to:

- (a) acquire or sharpen capabilities required to perform various tasks and functions associated with their present or future expected roles;
- (b) develop their own capabilities as individuals so that they are able to discover and exploit their own inner potential for their own or organizational development purposes; and
- (c) develop an organizational culture where superior-subordinate relationships; team work and collaboration among different sub-units are strong and contribute to the organizational health, dynamism and pride of employees.

The performance of the employees is dependent mostly on the way they are appraised. Performance management system now a days have become a crucial part of the industry as they help in attracting and retaining the employees in the organization. Performance appraisal is a method of evaluating the behavior of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands.

As business and industries get more complicated and advanced, the performance management system has become more crucial. Rapidly advancing technology has made the need for development quite apparent. Jobs have become increasingly complex with changes in business environment and technology for which the employees need to be trained. As a result some form of training is normally required before a person can competently handle a particular task. Along with the performance management system has also gained importance as the work of the employees needs to be managed regularly.

Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important. It plays an important role in performing tasks for accomplishing the goals. The question arises that how these resources are utilized by manpower. Further, the business environment is changing drastically. The environmental factors are uncontrollable. These are beyond control of management of the firms. One has to adjust with the external factors to do the business in the market. Every environmental factor like social, cultural, legal, political, economic, technology and competition gets changed very fast. For effective working the knowledge of these factors is must otherwise the plan will misfire.

Review of Literature

Pandey (2010) proposes that understanding public employee, use of performance information is perhaps the most pressing challenge for scholarship on performance management. Organizations have devoted extraordinary effort in creating performance data, wagering that it will be used to improve their functioning. (1) (Pandey, 2010)

Natarajan Venkatraman (1986) classifies two-dimensional classificatory scheme highlighting ten different approaches to the measurement of business performance in strategy research is developed. The first dimension concerns the use of financial versus broader operational criteria, while the second focuses on two alternate data sources (primary versus secondary). The scheme permits the classification of an exhaustive coverage of measurement approaches and is useful for discussing their relative merits and demerits. Implications for business performance in future strategy research are discussed. (2) (Natarajan Venkatraman, 1986)

Deanne N Den Hartog (2004) performance management deals with the challenge organizations face in defining, measuring, and stimulating employee performance with the ultimate goal of improving organizational performance. Thus, performance management involves multiple levels of analysis and is clearly linked to the topics studied in strategic human resource management as well as performance appraisal. This paper presents a model for performance management combining insights from strategic human resource management and work and organizational

psychology. The model incorporates multi-level elements, and adds to previous models by explicitly incorporating employee perceptions, the role of direct supervisors, and possible reversed causality. Challenges for future research are also presented. (3) (Deanne N Den Hartog, 2004)

Kesner (1987) advocates in favor of boardroom reform have often suggested that when personal risk is involved, directors will take a more active role in organizational decision-making, and this, in turn, will lead to increased organizational performance. Although intuitively appealing, the notion of financial dependence by board members has never before been empirically tested. This study examines the relationship between a director's decision making abilities and firm performance using a sample of 250 of the Fortune 500 companies. Performances of all the members are being taken care of by a systematic performance management system. (4) (Kesner, 1987)

Dilanthi Amaratunga (2002) says that management organization to make effective use of the results of performance measurement it must be able to make the transition from measurement to management. It must also be able to anticipate needed changes in the strategic direction of the organization and have a methodology in place for effecting strategic change. Successful accomplishment of these two tasks represents the foundation of good performance management. (5) (Dilanthi Amaratunga, 2002).

Statement of the Problem

Allocation of Human Resources is required to provide prudent business processes. Successful running of healthcare industry emphasizes on managing the performance system that help in retaining quality resources in the organization and emphasize innovation.

Decisions regarding salary fixation, confirmation, promotion, transfer and demotion are taken based on performance.

Provide feedback information about the level of achievement and behaviour of the subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work.

Provide information which helps to counsel the subordinate. Provide information to diagnose deficiency in the employee regarding skill, knowledge, determine training and developmental needs and to prescribe the means for employee growth provides information for correcting placement. A good performance management system helps to prevent grievances and in disciplinary activities.

Objectives of Study

Primary objective

The main objective of the study is to study the performance management system in Healthcare industry.

Secondary objective

- 1) To understand the importance of performance management system in healthcare sector.
- 2) To understand the employee perception about performance management system.
- 3) To evaluate the performance management process dimensions.
- 4) To understand the organizational practices with respect to performance management system.
- 5) To ascertain the performance management criteria in an organization.

Research Design

Type of Research

The study is descriptive in nature

Population

The population are the people working in the healthcare sector in Bangalore.

Sample Size

The sample for the study is limited to 117 respondents.

Sampling Unit

For this study the respondents are the employees of healthcare industry.

Type of Sampling

Simple random sampling method are used for the study.

Tools of Data Collection

Primary data:

Primary data will be collected using a structured questionnaire as well as personal interview method.

Secondary data:

The secondary data for this work will be obtained from company magazines and brochures, website, newspapers, internet, text books, reports and other promotional materials.

Data Analysis, Interpretation and Discussion

Table 1: Are any steps taken to improve the performance if not up to the mark?

Sl No.	Responses	No. of respondents	Percentage
1	Yes	85	72.64
2	No	32	27.35

Source: field study.

Fig 1: Figure showing the percentage of respondents agreed or did not agree to any steps taken to improve the performance if not up to mark.



.Analysis & Interpretation: From Figure 1, it is evident that more than 72% of the employees are of the opinion that steps taken to improve the performance if not up to mark. It can be inferred that health care sector focuses on efficacy benchmarks to be met as per the process requirement and also possesses a very human capital centric approach wherein retraining provisions to make up the performance against the benchmarks.

Hypotheses stated for the study:

Alternative Hypothesis

Employee perception towards performance appraisal and age are independent of each other.

Null Hypothesis

Employee perception towards performance appraisal and age are not independent of each other.

Table no. 2 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.707 ^a	9	.29
Likelihood Ratio	12.82	9	.17
Linear-by-Linear Association	.13	1	.71
N of Valid Cases	11		

Analysis: Using Pearson’s Chi-square test it is found that at 9 degree of freedom the level of significance is 0.2. Hence it can be concluded that the null hypothesis is accepted i.e. age and employee perception is independent of each other.

Data interpretation:

The performance appraisal process itself. Inclusion of performance management system is to make employees think of the performance management system from the functional perspective, that is to reflect on the issues directly concerned with its nature and structure.

Evaluators’ liking of appraised subordinates, as well as attributions concerning their behaviors, mediated the relationship between ratees’ reputation and raters’ reward decision. The general manager of the unit. General Managers’ or senior managers’ involvement in the implementation of performance management practices increases the likelihood of alignment among their purpose and organizational goals and enhances the perceived status of the performance management system.

Findings

1. All the respondents receive formal feedback from the organization.
2. Majority of customers feel comfortable with the present performance management system though they think the system is partially transparent.
3. The respondents are benefited by the appraisal they receive from their respective organization.
4. Performance management system has gained importance in healthcare industry as it is the fastest growing industry in India.
5. The performance management system is found to be ethical and efficient.
6. The employees receive feedback in yearly basis. Though there are some who receive feedback quarterly as well.
7. Majority of the respondents think that performance management system is related to employee turnover.

Suggestions:

1. Performance management system has to be linked with competency mapping for better result.
2. Performance management system should be transparent and ethical in nature in order to motivate and engage the employees.
3. Performance appraisal system should have provision for 360 degree appraisal being the most effective.
4. Performance evaluation has to be done through information system to avoid biases.
5. Performance management system should also have a separate self rating form so that justification for every self rating can be documented.
6. The performance management system may be made more objective and modern methods may be adopted.
7. The performance management may be made more transparent as it has been found that some of the measures are partially transparent.
8. The key result areas may be made more appropriate in order to fulfill the aspects of the job.
9. An effective performance management system may be made compulsory in the healthcare industry.
10. Different appraisal system may be adopted just like the other industries in the country.
11. Methods may be adopted in order to give employment to the youth.
12. Assessment may be done quarterly in order to improve the performances of the employees at a faster rate.

Conclusion

Human resources are the vital source of every organization. Every employee in an organization increases the productivity and goodwill of every company. An employee, being an individual is treated as assets in the organization. The healthcare industry is growing at a faster rate and with it the need to manage and retain the employees has also increased. So the organization should mainly emphasis the system of performance management and its development programmes. Both the employer and employee should realize the principle and use the tool of performance management system in a constructive way for the prosperity of the organization. The performance management techniques prevailing in the organization is fair. Employees are satisfied with the present performance management system that is a traditional one. As many new performance management techniques are emerged, the organization can implement modern technique which would be more effective. The welfare measure of organization is at par with the company policies and has brought a great sense of involvement in work among the employees of the organization. If the suggested measures are taken into consideration it will help to increase the effectiveness of performance management system. The overall goal of performance management is to ensure that the organization and all of its subsystems (processes, departments, teams, employees, etc.) are working together in an optimum fashion to achieve the results desired by the organization. Performance management strives to optimize results of everyone and results of the organization. Any focus of performance management within the organization (whether on department, process, employees, etc.) should ultimately affect overall organizational performance management as well.

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