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Performance Appraisal Systems in Hiram Hospital and Its Relationship With Employees' Performance: Empirical Study

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ARTICLE DETAILS	ABSTRACT
History Revised format: November 2019 Available Online: December 2019	Purpose: This study aims to investigate the relationship between different performance appraisal methods and employees' performance in a private hospital in South Lebanon. Three main appraisal methods were selected for this study including traditional appraisal, self-appraisal and customer appraisal methods. In addition, the employees' performance was measured at different levels including task, adaptive and contextual performance.
Keywords Performance, Hospital	Design: Based on a quantitative approach and using self-administered questionnaires, primary data was collected randomly from 125 employees of the target hospital.
JEL Classification: P27, P29	Findings: The results obtained showed that employees are generally performing in an adequate level and they are pleased with the current applied performance appraisal systems at this hospital and especially at the level of customer appraisal methods.
	Originality: This study showed how private hospital in Lebanon use performance appraisal systems in managing their human resources through measuring employees' performance, motivating them and most commonly, making critical administrative decisions related to training and development or even rewarding and coercive actions.
	Future suggestions: Future studies are recommended to expand the research geographically and comprise variety of hospitals in terms of size or type. Also, studying different performance appraisal systems would enrich the literature especially at the empirical level.

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1. Introduction

Healthcare organizations and especially hospitals are compound associations which are liable to work movements and high employees' turnover. As per past investigations (Aiken et al., 2002; Jones, 2004; Mouro, 2012), the nature of hospitals can be contrarily impacted by the lack, turnover and poor performance of workers. Hence, it is fundamental to play out an effective performance appraisal to keep the certified workers and do essential preparing

for the unqualified individuals. Agreeing El-Jardali (2009), the primary explanations behind employees' turnover in the Lebanese hospitals incorporate unacceptable pay rates and benefits, unsatisfactory shifts and working hours, better opportunities abroad, remaining task at hand, marriage and the geographical locations of hospitals. Subsequently, a well implemented performance appraisal system would uncover the hole between the authoritative guidelines and the requirements of workers and along these lines, improve their overall performance. Besides, numerous organizations normally use performance appraisal scores "to determine the distribution of pay, promotions, and other rewards; however, few organizations attempt to evaluate how employee perceptions of performance appraisal fairness impact employee attitudes and performance" (Swiercz et al., 2012).

Levinson (1976) stated that performance appraisal depends on three capacities. In the first place, it conveys pleasant feedback to every employee on his performance. Also, it acts as an establishment for changing behavior toward progressively better manners and third, it gives information to executives so they may pass judgment on future occupation activities and remuneration. The absence of talented employees confines the hospitals from creating and supporting upper hands and thus drives the hierarchical procedures to disappointment. Likewise, a few workers have acknowledged appraisal as only a straightforward routine exercise that has no centrality to their advancement, situation occupations and improvement for their preparation necessities accordingly having little impact on their advancement procedure.

Basically, the principle goal of this research is to determine to which degree is the performance appraisal systems applied in Hiram Hospital, South Lebanon. The second objective is to distinguish which is the best implemented performance appraisal method and third, to study the correlation between performance appraisal and employees' performance in this hospital.

2. Literature Review

2.1 Employee Performance Definitions

Employee performance means "individual's work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around" (Hellriegel et al., 1999; Karakas, 2010). Moreover, Pradhan et al. (2017) categorized employee performance into three levels including "task performance, adaptive performance and contextual performance".

2.1.1 Task performance

It comprises of "job explicit behaviors which includes fundamental job responsibilities assigned as a part of job description. Task performance requires more cognitive ability and is primarily facilitated through task knowledge, task skill and task habits" (Conway, 1999).

2.1.2 Adaptive performance

It is referred to the "individual's ability to adapt and provide necessary support to the job profile in a dynamic work situation is referred to as adaptive performance. Once employees originate a certain amount of excellence in their assigned responsibilities, they try to adjust their attitude and performance to the different requirements of their job. Moreover, adaptive performance is considered effective as it requires employees' capability in unstable work conditions" (Baard et al., 2014; Hesketh & Neal, 1999).

2.1.3 Contextual performance

It is "a kind of pro-social behavior demonstrated by individuals in a work set-up. Such behaviors are expected of an employee but they are not mentioned in one's job description and it is performed with the intention of encouraging the progress of individual, group, or organization towards which it is directed" (Brief & Motowidlo, 1986).

2.2 Performance Appraisal

As defined by Armstrong (2006), performance appraisal is the "the formal assessment and rating of individuals by their managers at specific intervals. In most organizations these evaluations are made either annually or semiannually". Meenakshi (2012) stated that "performance appraisal is not just about rating employees. Organizations carry out performance appraisal as a basis for administrative decisions such as promotion, allocation of financial rewards, employee development and identification of training needs".

Conventionally, the workers' direct supervisors are the most rationale decision maker for assessing their performance". In any case, organizations are as of late looking for choices, for example, subordinates, companions and colleagues, self-evaluation, customer appraisal, and 360-degree feedback. Various techniques are characterized as following based on Mondy and Martocchio (2015) findings:

2.2.1 Peer appraisal

"It is reliable if the workgroup is stable over a reasonably long period of time and performs tasks that require considerable interaction".

2.2.2 Self-appraisal

"If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, so they are in the best position to appraise their own performance".

2.2.3 Customer appraisal

"Behavior of customers determines the degree of success a firm achieves".

Recently, organizations use the 360-degree feedback method. Rees and Porter (2003) express it as "a process that involves the key people in a person's network of working relationships making assessments of a person's performance. This may involve feedback from subordinates and any key outside parties, if it is practicable. It includes evaluation input from multiple levels within the firm as well as external sources".

2.3 Previous Studies

In reference to Kumar and Anjum (2011), they stated that "department heads, various medical committees and ultimately the board of directors are responsible for ensuring standards of medical care in hospitals". This is reliable with the perception of 360-degree feedback which states that "feedback on an employee's performance being provided by the manager, different people or departments an employee interacts with, external customers and the employee himself" (De Nisi & Griffen, 2008). The traditional method that depends on evaluation by prompt directors is frequently time-constrained as a result of their duties and high outstanding burden. In any case, the peer appraisal method is deliberated as the most natural and satisfactory way to deal with hospital's employees (Kumar & Anjum, 2011).

The impact of performance appraisal on worker inspiration was contemplated by Chaponda (2014) through "leading an overview among 300 employees in non-government organizations (NGO) in Nairobi". The researchers demonstrated that "different raters can increase the accuracy of performance evaluation, reduce bias, and increase employee's perceptions". Likewise, results demonstrated that administrators are able to address holes in workers' abilities which can significantly affect the employees' motivation. Furthermore, Poon (2004) studied the "effect of employees' perceptions of political motives in performance appraisal on their job satisfaction and intention to quit using survey data from an occupationally heterogeneous sample of 127 white collar employees from various organizations". The results of regression analysis demonstrate that employees were unsatisfied when they noticed a biased performance appraisal from their supervisors. This drove workers to resign. According to Kumar and Sinha (2011), "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". They stated that appraisal methods may include "behavioral approaches such as rating scales, peer rating, ranking or nomination and outcome approaches such as management by objectives and goal setting". Also, they recommended that "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".

Respectively, the following research framework is developed as shown in figure 1.

Figure 1: The Research Framework

To measure this research framework, the general hypothesis is developed as following:

H1: There is a significant and positive relationship between performance appraisal and employee performance. The sub-hypotheses include the relationship of three different performance appraisal methods with employee performance:

Ha: There is a significant and positive relationship between traditional appraisal and employee performance.

Hb: There is a significant and positive relationship between self-appraisal and employee performance.

Hc: There is a significant and positive relationship between customer appraisal and employee performance.

3. Research Methodology

This research has a positivism and deductive approach. It is based on quantitative methodology as it “provides valid answers, minimizes the risk of bias and it examines the relationship between variable by using numbers and statistics to explain and analyze its findings” (Burns et al, 1993). Both descriptive and correlational designs are applied to achieve the research objectives.

4. Empirical Part

4.1 Population and Sample Size

Hiram hospital is a private hospital in South Lebanon with a total 136 beds and 125 employees from diverse departments. In reference to Morgan’s sample size table (1970), the best sample size for this survey is 80-108. Therefore, a sample size of 100 employees is considered sufficient for conducting this survey.

4.2 Data Collection

Primary data was collected over a short time horizon “10th May to 10th June 2019”. Self-administered questionnaires were distributed randomly among employees. The questionnaire is structured into three key parts as shown in Appendix A. First part presents the respondents’ demographic characteristics while the second part measures the employees’ attitude on the current performance appraisal system in the hospital based on “5-Likert Scales: Strongly Disagree - Strongly Agree” (Fisher, 2004). Similarly, the third part measures the employees’ performance in the hospital.

4.3 Data Analysis and Research Findings

The data collected was analyzed using “SPSS software”. The total average means of research variables are as following “employee performance (3.81), performance appraisal (3.36), traditional performance appraisal (4), self-appraisal (3.39) and customer appraisal (3.82)”. Consequently, majority of respondents have shown an average agreement about the current implemented performance appraisal system in the hospital. As for the demographic statistics, table 1 summarizes the obtained results.

Table 1: Results for Demographic characteristics

Demographic characteristics	Results
Gender	37% males 63% females
Age	41% 20-30 40% 31-40 11% 41-50 8% above 50
Education	67% employees (vocational degree) 6% High School 26% BBA 1% MBA
Occupation	90% nurses 7% administrative 3% technicians
Years of experience	48% 5-10 years of experience 38% less than 5 years 14% 11-20 years of experience
Length of service at current hospital	56% 5-10 years 44% less than of 5 years

4.4 Reliability and Validity of Data

The next step was to measure the goodness of the measurement tool. Cronbach’s alpha is greater than 0.7(0.744) for the 17 items. So, the reliability test showed “high consistency among the research variables”. Moreover, the validity that is “the extent to which a measure correctly represents its corresponding construct” was detected using exploratory factor analysis (EFA). According to Hair et al., (2010), “The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy had to be more than 0.5 and the Bartlett’s test of sphericity should show the significance of the validity at $p < 0.05$. Items having high loading factor should be deleted to increase the value of KMO above 0.5.” Respectively, EP2, EP5, PA1, PA4, PA5 were deleted. Table 2 shows that all constructs have KMO values greater than 0.5 and “Bartlett’s test of sphericity” are significant ($p < 0.05$).

Table 2: EFA Results for Validity test

Constructs		No. of Items		KMO	Bartlett's Test of Sphericity		
					Approx. χ^2	Df	Sig.
Performance Appraisal	Traditional Appraisal	2	6	0.685	77.570	10	0.000
	Self Appraisal	1					
	Customer Appraisal	3					
Employee performance		7		0.614	139.014	21	0.000

4.5 Testing Hypotheses

4.5.1 Correlation

Table 3 below summarizes the results of correlation test. Performance appraisal and employee performance are significantly and positively correlated ($r = 0.440 > 0.3$ and $p < 0.01$). Therefore, H1 is accepted. Also, the results showed that traditional appraisal method is significantly and positively correlated with employee performance

($r=0.563$, $p<0.01$). Thus, H_a is accepted. Similarly, self-appraisal methods is significantly and positively correlated with employee performance ($r= 0.599$, $p<0.01$). Thus, H_b is accepted. For customer appraisal, the results showed a positive and significant correlation with employee performance and it is considered that highest correlation among all variables ($r=0.703$, $p <0.01$). Hence, H_c is accepted.

Table 3: Pearson Correlations Results

		TradiAP	CUSAP	SELFAP	AVEP	AVPA
TradiAP	Pearson Correlation	1	0.291**	0.031	0.563**	0.543**
	Sig. (2-tailed)		0.003	0.757	0.000	0.000
	N	100	100	100	100	100
CUSAP	Pearson Correlation	0.291**	1	0.368**	0.703**	0.354**
	Sig. (2-tailed)	0.003		0.000	0.000	0.000
	N	100	100	100	100	100
SELFAP	Pearson Correlation	0.031	0.368**	1	0.599**	0.165
	Sig. (2-tailed)	0.757	0.000		0.000	0.100
	N	100	100	100	100	100
AVEP	Pearson Correlation	0.563**	0.703**	0.599**	1	0.440**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	100	100	100	100	100
AVPA	Pearson Correlation	0.543**	0.354**	0.165	0.440**	1
	Sig. (2-tailed)	0.000	0.000	0.100	0.000	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

4.5.2 Regression Analysis

The “multiple correlation coefficients (R) and the coefficient of multiple determinations R^2 ” shown in Table 4 indicate that appraisal performance methods are explaining 79.4% of the employee performance variability.

Table 4: The Results of Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.891 ^a	0.794	0.788	0.160

a. Predictors: (Constant), SELFAP, TradiAP, CUSAP

In addition. Table 5 shows that appraisal performance significantly predict employee performance “ $F(3, 96) = 123.498$ and $p < 0.01$ ”.

Table 5: ANOVA Test

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.429	3	3.143	123.498	0.000 ^a
	Residual	2.443	96	0.025		
	Total	11.873	99			

a. Predictors: (Constant), SELFAP, TradiAP, CUSAP

b. Dependent Variable: AVEP

5. Conclusions

Based on the obtained results, performance appraisal system is fairly practiced in Hiram hospital. As mention earlier, customer appraisal method got the highest correlation coefficient in relationship with employee performance. Therefore, employees are interested by the customers' effective feedback.

The research findings also revealed that employees know very well "what is expected from them to do in this hospital and they always inform their supervisor about all tasks they do as well". Nevertheless, employees are not accustomed yet with self-criticism attitude. Therefore, there should be training and development programs to help employees do self-appraisal and discuss with supervisors when necessary. Generally, results showed that from the employees' perspectives, patients are greatly satisfied from the employees' outstanding performance. Besides, there are complaints to management regarding any undesirable actions.

Despite of some limitations at the level of self-appraisal methods, this did not show a negative effect on the employee performance. The findings showed that majority of employees are performing in an outstanding level at "task, adaptive and contextual levels". Hence, employees are able to handle their tasks with least supervision and high quality standards as well. Moreover, the research findings showed that employees enjoy the current job flexibility at work. As for the level of contextual performance, employees did not show any problem to ask peers for help and they dynamically contribute in group-discussions as well as voluntary mentoring new colleagues.

6. Recommendations

This research has successfully achieved the proposed objectives. Thus, top managers in hospitals would benefit from such empirical studies to focus more on employee involvement, and inspire employees to apply self-criticism. The obtained results encourage appraisals to focus on a more comprehensive appraisal system such as the "360 degree feedback approach" that pools all internal and external appraisal methods. On the other hand, this study has some limitations at the level of population and sample size. The results reflected the status of current performance appraisal system at one hospital, therefore future studies are encouraged to enlarge the sample frame geographically, and use diversity of hospitals in terms of size and type. In addition, appraisal methods could be studied from different perspectives other than employees.

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APPENDIX A

Questionnaire**SECTION A: DEMOGRAPHICAL CHARACTERISTICS.**

Please identify your demographical characteristics by circling the appropriate number.

Gender	1. Male	2. Female
Age	1) 20- 30	2) 31-40
	3) 41-50	4) above 50
Highest level of education		
1. High School	5. MBA/MA/MS	
2. BBA/BA/BS	6. MPH	
3. BSN	7. MD	
4. BT/TS	8. Others. Please specify:.....	
Years of experience in healthcare organization		
1) Below 5 years	2) 5-10	3) 11-20
	4) Above 20 years	
How long have you been working in this hospital?		
1) < 5 years	2) 5 - 10 years	3) 11 - 15 years
4) 16 - 20 years	5) > 20 years	
What is your occupational category?		
1. Nurse	2. Administration	3. Physicians
4. Technician	5. Pharmacists	6. Others. Please specify:.....

SECTION B: MEASUREMENT PERFORMANCE APPRAISAL

From the statements listed below, please circle the number which best represents your opinion about the implemented performance appraisal systems in this hospital.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Statements	SD	D	N	A	SA
	Traditional appraisal					
PA1	My direct supervisor evaluates my performance regularly	1	2	3	4	5
PA2	My direct supervisor has enough time to evaluate my performance	1	2	3	4	5
PA3	My direct supervisor shares evaluation results with me	1	2	3	4	5
	Self-appraisal					
PA4	I know very well what is expected from me to do in this hospital	1	2	3	4	5
PA5	I criticize my own performance regularly	1	2	3	4	5
PA6	I inform my supervisor about all tasks I do in this hospital	1	2	3	4	5
	Customer appraisal					
PA7	Patients show their satisfaction from my good performance	1	2	3	4	5
PA8	Patients complaint to management about my poor performance	1	2	3	4	5

SECTION C: MEASUREMENT OF EMPLOYEE PERFORMANCE

From the statements listed below, please circle the number which best represents your opinion about your own performance in this hospital.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Statements	SD	D	N	A	SA
	Task performance					
EP1	I use to maintain high standard of work	1	2	3	4	5
EP2	I am capable of handling my assignments without much supervision.	1	2	3	4	5
EP3	I am very passionate about my work	1	2	3	4	5
	Adaptive performance					
EP4	I could manage change in my job very well whenever the situation demands	1	2	3	4	5
EP5	I always believe that mutual understanding can lead to a viable solution in organization	1	2	3	4	5
EP6	I am very comfortable with job flexibility	1	2	3	4	5
	Contextual performance					
EP7	I used to extend help to my co-workers when asked or needed	1	2	3	4	5
EP8	I actively participate in group discussions and work meetings	1	2	3	4	5
EP9	I use to guide new colleagues beyond my job specialization	1	2	3	4	5