

STRATEGIES FOR IMPROVING INDIVIDUAL PERFORMANCE AND JOB SATISFACTION AT MEADOWVALE HEALTH

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ABSTRACT

This paper addresses the individual level of analysis in organisational behaviour. It links elements of motivation and ability, which determine individual performance, to the HR practices of performance management and reward and recognition systems.

This linkage is done in the context of a case study within a health care organisation. The paper also describes the change management considerations that are involved, since new practices are best implemented with due attention to the relevant change issues. The new strategies for enhancing individual performance are also linked to the organisation's strategic objectives, in keeping with the principles of strategic HRM.

The two main points are that a focus on training to improve individual ability, and an emphasis on developing intrinsic motivation, should lead to performance improvement in the health care organisation.

INTRODUCTION

A number of factors impact on individual performance and job satisfaction. These are the personality, values, attitudes, perceptions, ability and motivation of each individual employee. These factors are not interdependent in their effect on employee performance and satisfaction. Proposed strategies involving performance appraisal, reward and recognition systems are suggested and analysed in order to improve performance within Meadowvale Health. The focus is on optimising individual performance and job satisfaction which, when appropriately implemented, will translate into improved organisational performance. The implementation of the strategies is crucial to their success. Consequently, issues involved in the change management process are reviewed and areas of concern addressed.

ISSUES AFFECTING PERFORMANCE AND SATISFACTION

When contemplating the factors that impact on performance, a number of interrelated issues need to be considered. As espoused by Robbins, Millett, Cacioppe and Waters-Marsh (1998, p. 28), individual performance is moderated by the personality, values, attitudes and ability of the individual which, in combination, affect their perceptions and motivation, and ultimately influence individual performance. In addition to the factors listed above are the issues related to the culture of the organisation and its employees. Robbins et al. (1998, pp. 105-7) assert that focusing on biographical characteristics such as age, gender, marital status and seniority does not provide accurate, reproducible evidence of links to improved performance and job satisfaction. More importantly, they outline the importance of employees possessing the requisite skills and abilities to perform their duties as providing an increased likelihood of good performance and job satisfaction. They caution though, that even the most skilled employee may not perform or be satisfied with their job. Robbins et al. (1998, p. 82) emphasise the importance of ability-job fit, rather than pure assessment of ability, as being an important determinant of job performance and satisfaction. Clearly a multifaceted approach

to improving and maintaining job satisfaction and performance is required if long-term results are envisaged.

PERFORMANCE IN MEADOWVALE HEALTH

The 1997-1998 Meadowvale Health Corporate Improvement Strategy lays the foundation for the strategic direction for Meadowvale Health. In this document the mechanisms envisaged for Meadowvale Health to achieve its objectives are delineated. The strategy incorporates the Burke-Litwin Model of Individual and Organisational Performance, which places emphasis on the importance of task requirements, individual skills and abilities in conjunction with individual needs, values and motivation. It is these areas that need to be addressed in order to improve individual and organisational performance (Burke & Litwin 1989, p. 280). To improve individual performance and job satisfaction in line with the Meadowvale Health Corporate Improvement Strategy, it is suggested that the present performance appraisal system is revised and an appropriate reward and recognition system aimed at increasing employee motivation and performance is introduced.

PERFORMANCE APPRAISAL SYSTEM

As espoused by Anthony, Perrewe and Kacmar (1996, pp. 374-5), a performance appraisal system must be well defined, corporately supported and monitored. It must also be widely communicated and focused towards achieving corporate objectives. In essence, a performance appraisal system must be integrated as part of a performance management system aligned toward achieving corporate goals (Schneier, Shaw & Beattie, 1991, p.298; Schneier, Beattie & Baird 1986 (a), p. 42).

The performance appraisal system currently in use within the Old Brown Cow and other district health services has a number of limitations. This system is a management by objectives approach, which focuses on individual goals and objectives and does not necessarily relate these to corporate objectives, nor does it assess the skills and abilities required of the individual to perform their duties. The main outcome of this system is the determination of appropriateness of pay increments. Fisher et al.. (1997) advise that this is not an appropriate use of a performance appraisal system.

Fischer, Schoenfeldt and Shaw (1997, p.454), conclude that performance appraisal should be used as an employee development tool to identify areas of skill and ability deficiency to improve the focus for training and development, as the possession of appropriate skills and abilities are key elements in improving individual performance. Fisher et al.. (1997, p.456) caution against the use of these systems for purely reward determination purposes. A study by Savery and Syme (1996) of hospital pharmacists found that satisfaction with issues such as appropriate evaluation systems, rather than with pay or job security, correlated best with increased organisational commitment. Reid and Levy (1997) recommend that subordinate appraisal of managers could also be undertaken to identify areas of skill and ability deficiency which could be utilised to further the development of these managers. The final product from such a system should be the development of an appropriately trained and skilled workforce. Further, Reid and Levy (1997, p. 69) noted that organisational commitment to employee development is rewarded with increased organisational loyalty.

Additional benefits should be realised because the maintenance of a good performance appraisal system enhances communication between line managers and staff. A number of authors have demonstrated that good communication between managers and their immediate subordinates serves to enhance employee satisfaction, commitment and performance (Savery & Syme 1996, p. 20; Larkin & Larkin 1996, Fisher et al., 1997, p. 494; Ramsay 1991, p. 10). This communication is extremely valuable, as it tends to be two-way rather than the usual one-way communication that occurs between managers and subordinates. Studies generally find increased employee satisfaction when their immediate supervisor is perceived as understanding, friendly and to be interested in their employees' opinions (Robbins et al. 1998, p. 178).

Changing an existing performance appraisal system will not be a straightforward process as there are a number of obstacles that need to be overcome. These include the ability to provide the training and development requirement as identified during the appraisal process. In addition, there are presently a number of staff, many of whom are doctors, who do not undertake this type of performance appraisal process. The majority of medical staff are traditionally assessed by their college training supervisors without feedback being provided to, or consideration of the goals and objectives, of the employing organisation.

Gray and Starke (1988) outline a number of reasons why there could be resistance to organisational change. These, in addition to others are: suspicion, surprise, salary, security, social, status, skills, scuttlebutt and status quo. All of these reasons are relevant to varying degrees for the different professional groups within the organisation. All groups will resist change for suspicion and fear of the unknown and the desire to maintain the status quo. The medical staff in particular will resist change because of concerns about loss of status, particularly if they perceive that their ability is being assessed by a body external to their respective colleges. As their allegiance is to their respective professional colleges and not Meadowvale Health, significant issues could arise when change is attempted.

When revising the current performance appraisal system the change process will need to involve some of the approaches espoused by Kotter and Schlesinger (1979), and more recently, Ivancevich and Matteson (1990, pp. 621-2). These can involve education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and cooptation, and explicit and implicit coercion. The method employed will be dependent upon the situation involved. When considering altering the pre-existing performance appraisal system within the environment of Meadowvale Health and bearing in mind the change management issues outlined above, the mechanism suggested would involve:

- *education and communication* to explain the rationale behind the change process and the benefits in training and development;
- *participation and involvement* during the development of the new performance appraisal system to encourage ownership;
- *negotiation and agreement* on the final mechanism of appraisal and of the areas to be appraised to ensure alignment with the corporate direction; and
- *facilitation and support* during the implementation phase of the new system of the employees and line managers involved.

During this process there may be occasions when *manipulation and cooptation* or *explicit and implicit coercion* may become necessary, but the use of these mechanisms will be contingent upon the situation and individual stakeholders involved. It must be realised that the use of these two later mechanisms may lead to future problems of reduced employee commitment as they may feel manipulated or threatened (Ivancevich & Matteson 1990, p. 622).

REWARD AND RECOGNITION SYSTEM

Initial consideration of reward and recognition systems could lead to the belief that they consist only to provide extrinsic motivation. Certainly as outlined above, the performance appraisal system currently in use throughout Meadowvale Health focuses on a financial incentive in the form of a yearly pay increment for those staff who achieved the objectives determined for the year. Herzberg (1987, p. 118) considers that reward and recognition can provide for both intrinsic and extrinsic motivation. However, growth gained from getting intrinsic rewards out of interesting and challenging work provides the greatest influence. Herzberg (1968) considered that extrinsic rewards are more likely to provide employee movement in the manner of a 'positive KITA (kick in the ass!)' for fear of punishment or failure to get an extrinsic reward, rather than true motivation. Motivation is an important issue in any organisation because it is involved in energising or initiating human behaviour, directing and channelling that behaviour and sustaining and maintaining it (Steers & Porter 1987). This argument is supported by Deci (1972) who showed a decrease in intrinsic motivation when extrinsic rewards were used to promote behaviour. It is important to note that the reduction in intrinsic motivation occurred with monetary rewards, but not with verbal praise. When individual performance is viewed as the outcome the concern regarding extrinsic rewards decreasing intrinsic motivation is not so clear-cut.

There is no doubt that extrinsic incentives can boost performance. In a practical sense, decreased intrinsic motivation will be a concern if the extrinsic incentive is withdrawn, as the increased level of performance is unlikely to be sustained. Hamner (1987b), when considering forms of external incentive such as merit pay schemes, cautions that these systems can fail for a number of reasons including:

- If pay is not related to performance;
- If ratings are seen to be biased;
- If rewards are not viewed as rewarding;
- If there is more emphasis on satisfaction with pay than performance; and
- If there is a low level of trust and openness about the merit raises.

Some merit pay schemes may encourage poor work practices as individual employees attempt to maximise their personal gains to the detriment of the entire organisation (Hickey & Ichter 1997, p. 40). In Meadowvale Health the scope available for providing extrinsic rewards, such as merit pay, is limited because of the availability of funds to support them (Waldron 1988). Importantly though, is the observation that improvements in performance from extrinsic reward systems such as merit pay may well be due to the goal setting and performance planning aspects, rather than the incentives created by the possibility of more money. It can be seen that a reward and recognition system focusing on increasing intrinsic motivation would be beneficial for Meadowvale Health. Rewards and recognition that the employee views as positive should improve job satisfaction and performance (Dunford 1992, pp. 84-5).

What types of reward or recognition are best to increase intrinsic motivation and enhance individual performance and job satisfaction, as required by Meadowvale Health? Kovach (1987), Popp and Fox (1985) and Hede (1990) conducted surveys and provide answers to this question. They found that employees sought achievement, responsibility and growth as the highest priority for incentives in their work. A reward and recognition system that addresses these areas should produce the desired outcome.

Goal setting can provide a number of these employee rewards as individual employees can negotiate desired outcomes with management (Dunford 1992, p. 82). The employee who plays an integral part in the development of these goals is more likely to perceive the outcome as being achievable and to be committed to achieving them (Robbins et al. 1998, p. 213). Management involvement will ensure the goals are consistent with corporate objectives and that they provide challenging opportunities for the employee to use their current skills and abilities and to encourage the development of new ones. Public acknowledgment of the agreed goals and their achievement is important to reinforce the desired behaviour (Robbins et al. 1998, p. 224). This could be undertaken in the form of a quarterly achievement award and presentation similar to that successfully employed by Delta West (London & Higgot 1997). Finally, it must be remembered that the exact nature of the reward must be tailored to the individual because each employee will place a different emphasis on the issues they perceive as important.

Whilst implementation, at Meadowvale Health, of a reward and recognition system which focuses on intrinsic motivation will encounter similar obstacles to those outlined in relation to performance appraisal above, appropriately addressing issues relating to differing dominant work values will be crucial. Robbins et al. (1998, p. 168) report that dominant work values are contingent upon which generation an individual entered the workforce. They assert that those who entered the workforce in the mid 1970s to mid 1990s, such as the current Meadowvale Health managers, are focused on success, achievement and hard work, whilst those who entered the workforce more recently tend to be focused on leisure time, relationships and flexibility. At Meadowvale Health the distribution of work values, unfortunately, does not appear to be that simple. They tend toward being more individually based. For instance, the training surgical registrar will place great importance upon the opportunity to assist in a complicated operative procedure or attend a relevant training session, whilst an administrative assistant will perceive no value in such rewards, but view flexible working hours favourably. It will be critical for current managers to understand the value set of the staff they are managing, as this will affect their perceptions of the incentives offered. A change of focus towards intrinsic motivation could be implemented as part of an organisational development approach, but will require appropriate training and education to be provided to managerial staff.

When considering the three-dimensional typology adapted from the work of Dunphy and Stace (1988), the change process to implement the two strategies described would be classified as being proactive, incremental and collaborative. The change would necessarily involve the entire organisation, should be multifaceted and should continue over the long term. These strategies, though initially aimed at improving individual performance and job satisfaction, are envisaged to have the potential to increase organisational performance through improved organisational climate and culture.

CONCLUSION

A number of factors that impact on individual performance and job satisfaction were discussed. These were the personality, values, attitudes, perceptions, ability and motivation of each individual employee. As these factors were not interdependent in their effect on employee performance and job satisfaction, the strategies which were developed to improve individual performance had to be multifaceted. Changes to the current performance appraisal system were suggested to alter the focus toward employee training and development. The current performance appraisal system focuses purely on financial rewards based on the achievement of personal goals, which may not necessarily be in keeping with corporate objectives. A shift of focus was suggested towards a system based upon the assessment of skills and ability with provision of training and development for areas of deficiency. This should ensure a highly trained and skilled workforce to meet the evolving needs of the organisation. A reward and recognition process that focuses on increasing intrinsic motivation was discussed as a method of providing a committed, motivated workforce which will provide services to the organisation to improve its performance. The implementation of the two strategies requires a number of issues to be addressed. These issues were discussed and suggestions provided to assist with successful implementation. These two strategies, when implemented in unison, should improve individual performance and job satisfaction. In turn, this should translate to the organisation as a highly skilled committed workforce which cannot but improve organisational performance.

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