

Case Unit 06: Revising the Performance Appraisal System at Victoria Hospital

Recently Victoria Hospital, a thoroughly modern hospital in Jacksonville, Florida, had a thoroughly modern problem. Its performance appraisal system was rapidly becoming an insurmountable pile of papers; and with 1,325 employees, the HR staff recognized that changes were needed.

Performance appraisal forms can range from a simple sheet of paper to very lengthy and complex packets. Victoria performance appraisal system had evolved over the years into a form with about 20 pages per employee. Although some of the length was due to concerns about meeting numerous State and health-care industry requirements, other facets of the system had been developed for administrative reasons.

The existing performance appraisal system was based on a combination of job descriptions and a performance appraisal. In addition, health-care accreditation requirements necessitated using a competency management program focusing on employee development and education. As a result, Victoria had combined the competency profiles with the job descriptions and performance appraisal forms. To complete an appraisal on employees, supervisors and managers scored employee performance on formal weighted criteria and then summarized the information by compensation and benefits class. Those summaries were reviewed by upper-management for consistency, as one would expect. The overall performance appraisal process was paper-intensive, slow, and frustrating because it required a total of 36 different steps.

A steering committee was formed to oversee the process of changing to a better performance appraisal system. The committee established that it was crucial for the new system to better fit the needs of those using it. Also, the committee wanted the system to use more technology and less paper. Based on these general objectives, brainstorming was conducted to find bottlenecks and identify what the ideal automated process would look like. At this point, the committee understood the current systems and what key users wanted. After reviewing literature on performance appraisal systems, surveying other hospitals, and looking at software packages, the committee decided it would have to design its own system.

The option chosen consisted of moving the numerical criteria scores from the individual pages of the job description to a summary sheet that provided for scoring up to six employees on one form. Then total scores were calculated by the computer. Also, written comments were moved to a summary sheet dealing only with exceptions to standards.

The most difficult part proved to be the design of the database. It had to be designed from scratch and had to interface with existing HR systems. A software program was written to do the calculations using data already in place, and another program was written to do the calculations. The new process reduced the paperwork from 20 to 7 pages per employee. Supervisors and managers were given the option of using computerized comment sheets. Another time-saver was the ability to use the system to record and document noteworthy employee performance incidents, both positive

and negative in nature, as they occurred throughout the year. This documentation feature eliminated the need for a separate note-keeping system that many managers had been using.

To implement the new performance appraisal system, training for supervisors and managers was crucial.

When the training program was developed for the new system, all 97 supervisors and managers were required to attend. During the training, attendees were given a sample package with appraisal forms, a checkoff time line, a resource text, and directions for using the on-line performance appraisal forms.

To determine if the original goals had been met, the committee developed an evaluation form. After the new appraisal system had been in use, an evaluation revealed that 90% of the supervisors and managers felt that the process had indeed been streamlined. The new process was viewed as easier to understand, a significant reduction in paper had occurred, arithmetic errors were prevented, and the appraisal information was clearer and more concise.

The next year the committee reconvened to examine the first year of operation and identify areas for improvement. Since then minor revisions have been made in the performance appraisal system, updates on computer hardware and software were undertaken, and data screens have been simplified for management users. Also, efforts have begun to fully automate the performance appraisal system. In summary, the revision of Victoria performance appraisal system met its objectives.

Questions

1. Which purposes of performance management did the appraisals described in this case fulfill? Which purposes did they not fulfill?
2. What are performance appraisal methods used at Victoria Hospital before and after change? Explain why their new performance appraisal system is more likely to result in more accurate performance appraisals.
3. Evaluate Victoria Hospital's old and new performance appraisals on the basis of five criteria for effective performance management.
4. Describe some of the advantages and disadvantages of combining job descriptions, performance appraisals, and competency profiles for development as Victoria did.
5. What are possible types of performance measurement rating errors associated with the old and new performance appraisal methods used at Victoria Hospital? What does Victoria Hospital should do to avoid such errors?
6. Do you have any recommendation(s) to improve the effectiveness of performance management system in Victoria Hospital?