

Performance Management and Compensation

Name

Institutional Affiliation

### Abstract

In today's world, the performance of healthcare staffs is tied to the productivity benchmarks aimed at ensuring the success of institutions. The focus on operation is driven by the demands of the current world from the organizations, which requires the implementation of a comprehensive compensation plan. The formulation of an appropriate remuneration framework involves the evaluation of the factors that motivate performance. Notably, the efficient compensation systems in a healthcare institution are a tool used to increase job satisfaction, address dilemmas, and aid the realization of organizational goals. In addition, the review of the strategy covered a variety of areas including the objectives that the system should serve, the dilemmas that may affect it, and staff performance. Fundamentally, the goals of the compensation program that it should fulfill include attracting required talent, motivating staffs, and incentivizing them to stay. To realize the three outcomes, the remuneration plan should meet some thresholds, and therefore, it should perform equally to those of competitors, if not better, to attract high-quality personnel. Moreover, the review of the areas that trigger dilemmas, which included external competitiveness, internal equity, and rewarding and recognizing of staffs, highlighted the difficulties and the ways for management to avoid them. As an example, regarding the findings, an externally competitive compensation plan makes it easier for an institution to attract talent from outside. Besides, internal equity and recognizing staffs enable the organization to keep the workforce and to cultivate maximum performance. It is worth noting that the ranking method of job evaluation is appropriate for healthcare institutions because it is easy to implement, and its simplicity makes it a useful tool. The job assessment process entails grading the positions regarding demands and responsibilities and arranging them in ascending order in respect to the value that they generate.

*Keywords:* compensation plan, performance, workforce

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### **Introduction**

In today's world, the operation of healthcare institutions is more important than ever before, and therefore, it is crucial to understand the concepts underlying performance-based compensation. Further, it is essential to explore the necessary motivational factors to consider and the issues to address during the design and the implementation of a reward plan that offers staffs payment worth the work that they execute. According to Aissa (2016), the recent decades have seen the implementation of performance-based pay programs, a change triggered by the concerns over workplace inefficiencies and the belief that incentive-guided remuneration can improve productivity. Traditionally, compensations were characterized by the standardization of the wages offered to non-executive workers within and across either departments or sectors such as public healthcare institutions or the nursing unit (Tavana et al., 2017). It is worth noting that the adoption of an appropriate compensation system in a medical center increases the job satisfaction and addresses pertinent dilemmas. The pay structure in use should be goal-oriented and based on the valuation of the work that the staffs offer to the organization (Goldman et al., 2015). Therefore, for the optimum realization of the objectives and the mission of a health center, a proper compensation plan that addresses any prospective dilemmas and gives value to the services delivery by the workforce should be put in place.

### **The Goals that a Compensation Program Should Achieve**

Despite how much they love their careers, it is evident that many healthcare professionals would not do their work without an appropriate compensation plan. A payment arrangement refers to the paycheck offered to staffs, but in human resource management (HRM), it relates to a much broader concept (Khan, 2016). The remuneration plan should cover pay, healthcare,

housing, and other benefits available to the staffs. Fundamentally, the goals that a compensation plan should achieve or, at least, try to reach are three. First of all, the pay packages should have the positive characteristics needed to attract the best candidates for the employment opportunities on offer. In fact, a healthcare organization that does not offer wages as high as those of other systems of similar nature and level of operation does not appeal to potential employees. The effects of the poor pay and the benefits offered by an employer mean that it attracts low-quality human resources, and it results in a reduced performance (Khan, 2016). Thus, if a medical care institution offers a reasonable salary, it enhances its productivity due to the possibility of having highly qualified staffs.

The second goal of a compensation plan is that after attracting the best candidates, it should be competitive enough to inspire the workforce to stay motivated to perform highly. It is universal knowledge that remuneration policies are not the only factors that drive teams to remain in the organization, but it is one of the essential elements. Further, the compensation package offered is crucial in compelling the workers to feel a sense of belonging to the institution, and it also stimulates their readiness to provide all the efforts and energy needed to actualize the organization's objectives (Khan, 2016). The third goal is that the payment plan should have the elements necessary to improve motivation levels, increase morale, and cultivate long-lasting satisfaction among the staffs. If the employees are not satisfied by the various aspects of the compensation plan, the outcome is often a low turnover. Other effects of an inadequate remuneration include regards the staffs producing a less quality work, even though they stay with the organization (Khan, 2016). In essence, if the compensation plan gets appropriately implemented, it increases the levels of loyalty reported by the workers, thus growing their willingness to remain champions for the organization and its goals.

### **Discussion of the Unique Dilemmas Faced by Healthcare Organizations during the Creation of a Compensation System**

The unique dilemmas that medical care institutions encounter when creating compensation systems are related to the various issues linked to the staff management. The central problems underlying the ethical quandaries that face healthcare organizations include how much to pay different staffs, the bonus to offer employees, those to promote, and ways of recognizing the exceptional performers (Yoder-Wise, 2015). Thus, these are the issues that the management of the institutions must explore with care, in their attempts to design competitive and fair programs that reward and recognize the staffs, while attracting and retaining the best talent. On this note, the first area of dilemma that hospital management faces is the external competition. The issue is a source of a difficulty because the human resources (HR) managers need to offer staffs pay rates that are appealing inside and outside the organization so that it can attract the exterior talents (Kerkhoff & Hanson, 2013). For example, a healthcare institution faces the challenge of whether to watch its profitability or to offer compensation that is the same or higher than those of their competitors. Nonetheless, what complicates the process further is the facts that the factors considered when hiring different staffs change continuously. Consequently, healthcare HR managers should often improve their strategies to remain updated.

The second area of the dilemma is the internal equity. In determining the equitability of the compensation, the HR needs to ensure that all the employees within the organization are offered wages that match those of others and the work that they do (Smith & Institute of Medicine (U.S.), 2013). Healthcare institutions may prefer offering high performers better compensation, while leaving the poor performers of the same grade to earn below their counterparts. However, the intuition that the HR management need to pay attention to is that

rewarding same grade staffs differently while they perform similar work is illegal and can be challenged through a court process. Thus, the medical care organization should adopt a compensation plan that serves the needs of all staffs, while at the same time rewarding high performers to encourage productivity improvement.

The third area that leads to dilemmas is rewarding and recognizing employee performance. The quandary arises from the attempts of HR managers to design compensation plans that motivate staffs to perform well and contribute optimally to the organization's productivity (Kerkhoff & Hanson, 2013). However, the dilemma gets addressed by rewarding and recognizing staffs appropriately, while ensuring the poor performers not to feel victimized by the institution (Smith & Institute of Medicine (U.S.), 2013). Therefore, the compensation dilemma gets often reported in healthcare institutions and, if not addressed comprehensively, can affect the organization's performance in the long-term.

### **The Ranking Method: A Systematic Approach to Determine the Monetary Value of a Job**

According to the system, the different jobs within the healthcare institutions can get ranked and evaluated based on the difficulty of performing the associated responsibilities. The first step is studying all the occupations within the institution regarding job requirements, responsibilities, qualifications, conditions of work, and the hazards that the job holders face. Based on the comparison of the jobs analyzed, the positions are ranked from the lowest to the highest ones (Tavana et al., 2017). Following the level, the various roles are placed on a scale that is matched with the appropriate wage amount and the benefits offered to the job holder. Accordingly, the systemic approach can work for healthcare institutions because the positions from top to bottom are not difficult to define, which makes ranking easy.

### **Conclusion**

In the contemporary world, the performance of healthcare staffs is closely tied to production, and therefore, it is essential to understand the concepts underlying effective compensation plans. The studies done in the recent past show that there are factors needed consideration during the formulation and implementation of remuneration strategies that give value to the services delivered. The factors to consider are the goals of a compensation plan: it should attract necessary talent, motivate staffs to perform, and inspire long-lasting satisfaction and loyalty among employees. Notably, the areas that lead to dilemmas during the formulation of a reward plan include external competitiveness, internal equity, and gratification and recognition of employee performance. Besides, the most appropriate approach for evaluating the cost of a job is the ranking method, and it entails grading the roles within the healthcare institution to establish the value that the position offers to the organization.

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