



## Short Communication

# Pay for performance: A major role to motivate the employees within an organization

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### ABSTRACT

Importance of human resource strategies like performance appraisal and pay for performance and its role to motivate the employees within the organization leading to organizational development (In reference to healthcare sector National Health Service UK)

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## 1. Introduction

The main aim of the research is to evaluate the importance of human resource strategies like performance appraisal and pay for performance and its role to motivate the employees within the organization leading to organizational development (In reference to healthcare sector National Health Service UK).

## 2. Objectives

1. To study in detail about the role of hr strategies in any organization including NHS.
2. To find out the link between the motivation and performance in the workplace in public sector organizations like NHS.
3. To find out the role of appraisals and incentives to motivate the employees.
4. To study the pitfalls of inadequate appraisal system and pay benefits on the employees and the organization.

### 2.1. Research philosophy

"If we could first know where we are, and wither we are trending, we could better judge what to do and how to do it." (Abraham Lincoln).

According to Smith (1998) research philosophy is a uncomplicated and innocent way of questioning, which often encourages in-depth analysis of a research. Similarly Proctor (1998) stated that, individuals rarely take time to do research in everyday life, but exploring basic personal beliefs helps in evaluating wider philosophical issues. The researcher's philosophical experience and personal beliefs plays a major role on the methods used in the research.

Proctor (1998) stated that consistency between the aim of a research study, the research questions, the chosen methods, and the personal philosophy of the researcher is the main rationale behind any research project. It is a belief that the understanding of any phenomena is based on sense data which cannot be tested empirically or cannot be regarded as proven. It is a quantitative approach based on value free data collection. Bond (1989), Easter by-Smith et al (1997), and Hughes (1994) stated that the positivist philosophy have many implications for social research approach. Methodological approach implicates that

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all research must be quantitative as only the research which is quantitative can be the basis for valid generalizations and laws. According to Value-freedom approach the choice of the study should be evaluated by objective criteria other than by human beliefs and interests. Causality implicates that the aim is to identify causal explanations and fundamental laws which explain human behavior. Operationalisation theory states that concepts must be operationalised in a proper way so that facts can be measured quantitatively.<sup>1-5</sup>

According to the Independence approach the role of the researcher is independent of the subject under examination. Reductionism states that the problems are better understood in a proper way if reduced to the simplest possible elements. The main drawback of positivist approach is that it does not provide the source to examine human beings and their behaviors in-depth.

## 2.2. Phenomenology

According to Husserl (1970) phenomenological research starts from a perspective free from hypotheses or preconceptions the phenomenological approaches are mostly based on personal Knowledge and subjectivity, and it emphasize the importance of personal perspective and interpretation. These methods play a major role to bring the experiences and perceptions of individuals from their own perspectives, and challenging structural or normative assumptions. It is a qualitative approach determined by peoples motives and intensions.

## 2.3. Realism

It is based on the belief that there is an objective reality, which is independent of human beings thought and beliefs. Realism provides a model of scientific explanation which avoids both positivism and relativism. It is a qualitative approach which is a attractive choice for those doing social research to characterize what they are doing are scientific.

## 2.4. Philosophy implemented in the following research

In the following study, the researcher has taken inputs from both positivistic and realistic approaches to use it as a benchmark to find out the objective reality behind the project. As the research problem is to evaluate the role of appraisals and incentives to motivate the workers in NHS, it is essential to include two important philosophical thoughts to exemplify a fair outcome of the research. The positivistic approach in which only observable and measurable data should be taken into account has played a pivotal role in this research work It is the positivistic approach that has helped the researcher to gather opinions and fair data based on stable objective reality and observations. In the same way realism which emphasizes on the reality of objects, in contrast to theories, words, ideas, or logical constructions has provided a scientific explanation to the following study.

Realism also shares some philosophical views identical to positivism. Thus a combination of both this approaches has helped the researcher to prepare a detailed blueprint for data analysis.<sup>6-10</sup>

## 3. Materials and Methods

In the following research the researcher have implemented both open ended and closed ended questionnaires to evaluate the research goal more properly. Taking into consideration the aim of the research the questionnaire was divided into various relevant sections to make it easy for the researcher to analyze the data collected. As the aim of the research is to evaluate the importance of appraisal and incentive schemes to motivate the workers in a organization, so both the management and the employees views are necessary to draw a effective conclusion to the following study. The researcher have designed two questionnaires for this study, one for the general employees of NHS irrespective of their position and the other one for the management employees to get their view about the proposed topic. The questionnaires were illustrated in the appendix. In questionnaire no 1, questions 1, 2 and 3 will help the researcher to reveal the function, position and importance of human resource management in NHS. Similarly questions 4, 5 and 7 of the same questionnaire will help the researcher to draw a successful link between motivational status and the performance of the employees within the organization. Question no 6 will help the researcher to find out the efficacy of appraisals and incentives to motivate the employees. Question 8, 9 and 10 will assist the researcher to identify any other factors if present other than incentives and appraisals which motivates the employees most along with the extra edge that NHS have over other organizations due to its effective performance management strategies and strongly motivated work force. Questionnaire no 2 was designed to get a view regarding the proposed research topic form the management of the relevant organization.

## 4. Discussion

Though pay for performance is a great triggering factor regarding employee motivation but some times it also leads to jealousy between the staffs resulting in undermining the morale of the employees. Studies of NHS managers in 1997 and 1998 states that performance related pay is the only reason to cause jealousies between staff members within NHS.

As mostly performance related pay systems are based on appraisal of the individual worker by their line manager, bias and personal favouritism can influence the result of pay reviews. In that case instead of motivating the workers performance pay can undermine performance of both the individual and the organization.

Recent research found that performance based pay systems often discriminate against women as the appraisal process may be subject to gender bias and stereotypes and mostly women's skills are often undervalued by their managers (and by women themselves); women, especially those working part-time have fewer opportunities for training, and managers are less likely to correctly assess women's training needs.

In recent times Pay-For-Performance pricing schemes have become very popular in Europe as an effective HR strategy to improve performance especially within the healthcare organizations. For example under these schemes the price paid for a given medicine or service is generally linked to the efficacy of a drug or the treatment and the economic benefits from it. Recently The UK Office of Fair Trading, following its review of the UK pay for performance scheme, recommended replacing its current "profit cap and price cut" scheme with a value-based pricing system in which the prices of products are set by comparing their clinical value with that of other treatments for the same condition. The UK National Institute for Health and Clinical Excellence also put in place an innovative scheme with Janssen Cilag for the treatment of Multiple Myeloma. Under the scheme termed "The Velcade Response" the NHS will only pay for the treatment in those patients in which it is shown to be effective.

Human resource management is one of the most important divisions in NHS. HR strategies not only provide a basis for the development of strategic plans but also enable the organization to make a long term vision for the future. Being the largest employer in Europe, the NHS is very prone to significant structural changes every time due to the impact of the market forces. The results of the following study indicate that HR practices in NHS hospitals have a major influence on patient mortality and staff.

The employees were considered as the most valuable asset in any organization. In NHS, the motivated and enthusiastic employees have played a great role to improve the performance of the organization and generate positive results over the decades. The sophisticated and extensive staff management programmes designed for NHS employees have a great effect on patient satisfaction.

NHS is completely different from other types of organizations in UK, but a strong link exists between its performance and the motivational level of its employees. The following study establishes the fact that organizational performance of NHS and the motivational level of its employees are directly linked to each other. NHS's skilled and motivated workforce distinguishes it strongly from other healthcare providers of Europe on the basis of productivity. The following study illustrated the importance of appraisals and incentives in a public sector organization

like NHS. In NHS appraisals and incentives serve as a vital component of the performance management programme. It provides a great opportunity for the employees to improve their performance and create a drive toward the achievement of organization goals and objectives.

## 5. Source of Funding

None.

## 6. Conflict of Interest

None.

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