Systematic Review

A MODEL OF PERFORMANCE EVALUATION FOR HEALTHCARE WORKERS BASED ON SATISFACTION AND REMUNERATION (FINANCIAL AND NON-FINANCIAL)

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ABSTRACT

This study aimed to formulate an evaluation model of the performance of health workers from the perspective of financial and non-financial satisfaction and remuneration. The research method used was a literature study with a literature review approach. The research findings were the healthcare workers' performance evaluation model based on satisfaction and remuneration. The evaluation was conducted by assessing the employee performance targets (sasaran kerja pegawai/SKP) and employee satisfaction related to the financial and non-financial remuneration, Job Description Index (JDI), competencies, and motivation. In addition, this model has been also used for the evaluation of performance appraisal based on remuneration among employees (i.e. health workers) in government agencies, especially hospitals.

Keywords: Remuneration; hospital; Job Description Index; health system; health policy

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INTRODUCTION

The three-year impact of the COVID-19 pandemic has hit the world. It does not only raising health and economic problems, but also problems in managing institutions or organizations (Arrasyid et al. 2019, Prakoesswa et al. 2021). A survey for the last three years (2019-2021) reported the satisfaction with the health system and health policy among the employees of Dr. Soetomo General Academic Hospital, Surabaya, Indonesia. The report stated that the employees were wholly or partially dissatisfied (Figure 1). If observed in more detail, the dissatisfaction occurred because the components of income and compensation received were perceived to be unsatisfactory. This phenomenon is interesting to explore because the compensation budget for Dr. Soetomo Hospital employee pay tends to increase from year to year. More than 30% of revenue is allocated for employee remuneration.

Research on performance evaluation based on employee satisfaction showed that compensation (remuneration) will not directly lead to employee satisfaction. Although previous research have shown no direct relationship between pay and performance, this perspective can potentially cause problems (problem-prone) and, of course, will hinder the achievement of vision and mission in hospitals. Other research showed that compensation allegedly affects motivation (Sancoko 2011, Pratama & Prasetya 2017, Rahayu & Ruhamak 2017, Rahayuningish et al. 2019). This concern is supported by a research which found that the remuneration system impacts the quality of employee performance, increases productivity and loyalty, prioritizes customer satisfaction, and avoids corruption (Calvin 2017).

Figure 1. Percentage of three indicators of JDI at Dr. Soetomo Hospital (2019-2021).
Nasution et al. (2021) found that an employee's potential is not seen in quantity but in quality. Competencies, skills, development, creativity, initiative, problem solving, predicting, thinking proactively, and adaptability are the several aspects that influence employee performance. Thus, if problems regarding compensation can be resolved, then the risk of problems in employee performance will be reduced.

Based on the background that has been described, employee performance is influenced by satisfaction and compensation. However, there has been no research on the formulation of a model for evaluating the performance of healthcare workers based on satisfaction and compensation (financial and non-financial) at Dr. Soetomo Hospital. Therefore, this study aimed to formulate a model for evaluating the performance of health workers based on satisfaction and compensation (financial and non-financial).

MATERIALS AND METHODS

This study was a qualitative research using a literature study approach. The five stages of the research procedure used were: 1) planning and performing the search strategy; 2) carrying out initial screening by removing duplicates, determining the inter-rater reliability, and examining the articles per the inclusion and exclusion criteria; 3) data extraction; and 4) data syntheses. The data that had been verified were then analyzed, and the structure of the components of each aspect was constructed to produce a model according to the research objectives.

RESULTS

Based on the 2021 report from the staffing database of Dr. Soetomo Hospital, the number of employees were 4,223. The employees were grouped by professions, which consisted of 593 general practitioners and specialists, 1,486 nursing staffs, 697 other health workers, and 1,486 non-health workers. The number of employees of Dr. Soetomo Hospital was the largest compared to other hospitals in Indonesia.

Employee remuneration can be in the form of salary, fixed allowance, variable allowance, and incentives. Compensation can be interpreted as the take-home pay obtained by employees as a reward for the work that has been carried out. The remuneration components are salary, incentives, and bonuses. Compensation is paid periodically, weekly, monthly, or yearly to the workers. Incentives can be interpreted as additional income specific to each employee depending on the results of the employee's assessment. At the same time, bonuses can be construed as extra income given to employees when targets have been exceeded.

Satisfaction is a person's feelings when they get what they expected (Haedar et al. 2016). Job satisfaction differs from one individual to another (Potale & Uhung 2015). In addition to the customer satisfaction index, the employee satisfaction index also includes outcome parameters. Measuring the satisfaction index of hospital employees enable the hospital management to be informed whether they are doing well and can be used as a medium for establishing effective communication. The employee satisfaction index is also used as a training needs assessment (TNA) and to facilitate the recruitment of new and retired employees (Palagia et al. 2012).

The employee satisfaction index can determine how loyal employees are to an organization. Several indicators can be used to measure employee satisfaction with the workplace. One of the indicators is the Job Description Index. It is an indicator used to assess employee satisfaction which focuses on five components, including general job description/the job itself, rewards received/pay, job promotion opportunities/promotion, assessment of subordinates/supervision, and closest colleagues/coworkers (Smith et al. in Agustia 2018).

Performance

Several factors and conditions that determine the employee performance in a company either come from the internal or external factors of the employees. Mangkuprawira & Hubeis (2007) stated that performance is the result of a work carried out by a person for the organization at a specific time. Another definition of employee performance comes from Murphy and Cleveland, as cited in Pasolong (2007), who stated that performance is the quality of tasks and work of an employee. Performance is about doing a job and the results obtained from that job (Baron & Armstrong 2007). Simanjuntak (2005) defined performance as the degree of achievement that is resulted from carrying out specific tasks.

An employee’s performance can be influenced by various factors that can be classified into three groups: personal competence, support from the organization, and support from the management. From the research that have been found, it can be concluded that performance is the result of a worker's actions in accordance with their work and supervised by certain people, i.e. supervisors or leaders of the organization.
Performance assessment in government environment

Gomes & Saraiva (2001) found that performance appraisal or evaluation is a way to measure the contribution of individual members of an organization. Performance appraisal or evaluation is not only needed to determine individual contributions, but also corporate contributions. Bernardin and Russell, as quoted by Gomes (2003), explained that there are eight indicators of employee performance: 1) quality of work, which shows how the work are carried out based on the abilities and requirements of an individual employee; 2) quantity of work, the amount of work done in a certain period; 3) knowledge of work, level of knowledge and skills in the field of work; 4) creativity, originality of ideas that arise from actions to solve problems; 5) cooperation, willingness to work together and communicate with other people (fellow members of the organization); 6) reliability, being trustworthy regarding the presence and completion of work; 7) initiative, always enthusiastic in facing new tasks and expanding their responsibilities; and 8) personal quality, which relates to leadership, friendliness, and integrity of the individual employee.

Based on the government regulation of the Republic of Indonesia number 30 of 2019, which regulates the performance assessment of civil servants, and the regulation of the Minister of Administrative and Bureaucratic Reform number 6 of 2022 regarding the performance management of civil servants, performance appraisals aim to ensure that coaching is carried out objectively and based on achievement and career paths (Republic of Indonesia 2019, Minister of Administrative and Bureaucratic Reform 2022). The basis for the assessment is the organizational level performance planning which is suited to the individual level of employees by taking into account the targets to be achieved, the realization of achievements, and the components of employee behavior.

Employee performance targets (sasaran kerja pegawai/SKP) oversee the performance that is expected to be achieved annually by each individual. An evaluation of employee performance at least includes the individual performance indicators (indikator kerja individu/IKI) and their targets. Individual performance indicators consider the following components: a) specific, must be specific to the individual employee, not all employees in general; b) measurable; c) realistic, realistically achievable; d) time-bound, meaning that it has a deadline for achievement; and e) adjusted to internal and external conditions of the organization. The targets of employee performance consist of four components, i.e. quantity, quality, speed of completion of work, and cost. Work behavior indicators consist of five components, i.e. service orientation, commitment, work initiative, cooperation, and leadership (Republic of Indonesia 2019, Minister of Administrative and Bureaucratic Reform 2022).

Job satisfaction theories

Robbins & Judge (2011) defined job satisfaction as a positive feeling about work by considering the various components of the job. Job satisfaction can contribute to life satisfaction. The nature of the environment around an individual outside of work will also influence their feelings towards their work. Similarly, because work is an essential part of life, job satisfaction affects an individual's overall life satisfaction (Davis & Newstrom 2000). There are various interpretations of job satisfaction. Davis & Newstrom (2000) interpreted job satisfaction as one of the motivating factors for employees to appreciate and improve the quality of their work, so that the organization can obtain positive results from the employee performance.

There are three theories that are closely related to job satisfaction, i.e. the expectancy theory, two-factor theory, and theory of justice. The expectancy theory was proposed by Victor Vroom who stated that someone executes a task from work with a hope that they can achieve the expected results. These expectations are addressed to the organization as the organizer of the work. Usually employees will expect a reward for working (Fauziana et al. 2021, Diwyarthis et al. 2022).

The two-factor theory states that there are two type of factors that will have an influence on individuals in carrying out work activities. The first one is the motivational factor that triggers satisfaction, while the second one is the hygiene factor that triggers dissatisfaction. The motivational factors are closely related to human psychology, such as getting recognition and feeling happy when work has been completed. On the other hand, dissatisfaction can occur when the hygiene factors, e.g. the provision of remuneration, are not met (Tama & Hardiningtyas 2017, Lantara & Nusran 2019).

The theory of justice explains what is felt by individuals regarding how they are treated in the context of doing work. They will feel they are being treated fairly if they are benefiting from their work, but if they are harming themselves, then they will feel that they have been treated unfairly (Bangun 2012). Based on these three theories, it can be concluded that job satisfaction in the context of a hospital is a feeling conveyed by health workers through their attitude and behavior toward their work conditions.
Dipboye et al. (1994) stated that the Job Description Index is the most widely used measure of job satisfaction in research because it provides a reliable and valid job satisfaction scale. Smith et al. (in Agustia 2018) described job satisfaction as a feeling or a response to the components of work conditions. There are five dimensions of job satisfaction based on that definition: 1) the job itself: this dimension measures what employees feel about the work they are currently doing. It also measures authority, variety of tasks, opportunities to increase knowledge, responsibilities given, and the amount of work; 2) pay: this dimension measures how employees feel about the difference between the rewards they expected and received; 3) promotion opportunity: this dimension measures what employees feel in terms of promotion administration in an organization that includes the opportunities to get promotions or develop their careers; 4) supervision: this dimension measures an employee's satisfaction with their leader, whether they are able to provide assistance, as well as provide technical guidance on what the employee is doing; and 5) coworkers: this dimension observes the relationship and satisfaction experienced by the employee about their coworkers, e.g. how kind and caring employees are to one another.

Principles and components of remuneration

Remuneration comes from the word “remunerate” which means “to pay”. Remuneration will be given to employees because there is an employment relationship between employers and employees where remuneration can be given once a job has been completed. There are many similarities between remuneration and compensation. The difference is that compensation, in addition to financial rewards, also includes non-financial rewards, while remuneration focuses on financial rewards (Roberia 2009). The remuneration system has several elements, including those who give and those who receive, job grade basis, a calculation formula, how to give it, and a time limit for provision along with the consequences if there is a violation. The implementation of remuneration in an organization must be regulated in guidelines and must meet several principles, including the principles of decency, equality, proportionality, and performance.

Remuneration has become an obligation and an inseparable tool of government and private organizations. Most organizations have already implemented a remuneration system. One of the reasons is that there are many regulations from the government regarding the remuneration system, e.g. government regulations for organizations with the status of public service agencies (badan layanan umum/BLU). Management officials, supervisory boards, and employees of BLU may be given remuneration according to government regulation number 23 of 2005 concerning financial management of public service agencies (Republic of Indonesia 2005). The regulation includes hospitals where most of the employees are health workers who are the recipients of remuneration.

Sopiah et al. (2020) described remuneration as one of the several factors that affect employee performance in carrying out their main duties and functions. Remuneration is given by an organization to its employees in order to achieve organizational goals. With the provision of remuneration, employees are required to always optimize their work and achieve certain targets through their performance. It can be summarized that remuneration is a system that regulates the provision of compensation based on job grade and calculation formula. It is assessed by considering the performance achievements and responsibilities which are accumulated into points. The provision of remuneration must take the principle of proportionality, equality, propriety, and time into account.

Santoso & Riyardi (2012) explained the five principles of remuneration provision, including: 1) decent and reasonable: remuneration must be equally beneficial to the provider (organization) and the recipient (employee); 2) merit system: the basis of remuneration is the routine evaluation of employee performance appraisal; 3) competitive in nature: remuneration must be competitive to attract employees who have unique competencies to carry out their main duties and functions as well as possible; 4) transparent: employees must be able to understand and obtain information on how the organization determines salaries, benefits, and the terms of the increases; and 5) fair: remuneration does not have to be the same amount for each employee, but must take into account several factors that are mutually beneficial and just for the provider and recipient.

Minister of Health of the Republic of Indonesia (2014) issued the regulation number 68 of 2014 concerning guidelines for the preparation of the remuneration system. There are three components of the remuneration system, i.e.: 1) pay for position: the amount of pay received by employees is not affected by the hospital (employer) income because it is based on rank, position, length of work, and education level, which includes allowances (family allowances, professional allowances, job allowances); 2) pay for performance: the amount of pay received by employees is closely related to hospital income and based on the employees’ type of work, workload, and work achievement which are scored according to the leadership and policy of the hospital (employer); 3) pay
for people: the amount of pay is highly dependent on the conditions and requirements determined by the hospital (employer) and given if the organization achieves the performance goal. The pay for people is usually known as bonus or appreciation, for example in the form of official travel expenses, insurance premiums, recreation costs, Umrah or Hajj, pension insurance, etc.

DISCUSSION

Human resource management is the most important component of hospital management. This is because hospitals are labor-intensive organizations. The types of staff in hospitals are very diverse. They are expected to have higher work motivation, integrity, and loyalty, but those are not the same among individuals, which will ultimately affect their job satisfaction.

Remuneration is a compensation or wage given to employees because of their contribution to the organization by performing their best. Remuneration is an important aspect for employees and the organization itself. Literature have shown that remuneration can lead to motivation and encouragement in employees so that they always work more diligently. In addition, remuneration can play a role in creating high performance. The provision of remuneration can be an effective step to spur employees to perform well because their performance will have a direct impact on the amount of rewards received. In other words, remuneration is used as a bond that the organization uses on its employees and is capable of attracting prospective employees.

Job satisfaction is something that is felt by an individual employee regarding their work. In other words, it is a form of emotional attitude from the employees whether they fancy their jobs or not. Job satisfaction is something that needs attention because human resources are the most important factor for an organization to succeed in achieving its goals.

Job Description Index (JDI) is a measuring tool that is often used to measure job satisfaction. There are five important components in job satisfaction, including work in general (the job itself), rewards (pay), superiors (supervision), promotion opportunities (promotion), and coworkers.

Performance shows the level of achievement of an individual employee at a certain time in carrying out their duties and functions. Employee performance is evaluated by comparing it to the standard of the work and targets to be achieved, which were originally planned and agreed upon together. Performance improvement will not be achieved if the organization has not implemented human resource management effectively, which enable the individuals to be competitive in improving their performance. The Cascade approach proposed that the strategies used to achieve organizational goals should be translated to the individual level. The informations obtained from the performance appraisal enable the leader to observe employee achievements and consider them when making decisions or taking necessary actions.

Employee performance targets (sasaran kerja pegawai SKP) are plans and targets that should be achieved through employee performance. The plans and targets are made by the employees themselves, then must be achieved within a certain period. Performance targets must be determined, known, and approved by the individual's direct supervisor in respect to their tasks and responsibilities. Human resources management theory explains that remuneration can have an influence on employee satisfaction, motivation at work, and performance.

Non-financial compensation is similar to remuneration, but does not involve money. One of the characteristics of non-financial compensation is the satisfaction gained from performing meaningful work-related tasks. Some of the examples are training to improve skills and programs to create pleasant working conditions and environments, such as provision of tourism programs, canteens, places of worship, and sports facilities.

Motivation is generally known to have a positive influence on the employee performance although it is not the sole factor that can shape performance. Employees are motivated when they get attention and praise from the leadership. If the employee motivation is adequate, the performance will also increase.
organizational performance. From the discussion, the model of employee performance evaluation based on satisfaction and remuneration (compensation), especially for health workers, can be formulated.

**CONCLUSION**

The performance evaluation model for health workers in this study shows the importance of remuneration for government agencies (especially hospitals), employees (especially health workers), and employee performance. This model is based on the employee performance targets (sasaran kinerja pegawai/SKP) and employee satisfaction that is measured through the financial and non-financial remuneration, Job Description Index (JDI), competencies, and motivation.

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**Conflict of interest**

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**Author contribution**

J.W. conceived the presented idea and developed the theoretical framework of the literature review. N.H. and Q.A. checked the sources, verified the analytical methods, and supervised the findings of this work. All authors discussed the results and contributed to the final manuscript.

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