

A COMPARISON OF SELECTED PERFORMANCE ASSESSMENT METHODS

JANA COCUĽOVÁ

Abstract: *The workers assessment is an important part of human resource management, which can significantly determine the performance of employees and thus the performance of entire enterprise. Therefore, it is important to pay attention to the workers appraisal system and selection of appropriate assessment methods. This paper deals with the issue of assessment of individual performance and presents the results of research, which aimed at comparison of selected methods of the performance assessment in terms of selection criteria as objectivity, validity, the incentive effect, the impact on pay and career development, that all from the standpoint of worker.*

Keywords: *human resource management, assessment, performance, assessment methods.*

JEL Classification: *M12*

1. THEORETICAL BACKGROUND OF THE PERFORMANCE APPRAISAL

Human resource management is one of the most dynamic components of business management, which focuses on the problems of man in work and his relationship with the company. Whereas the role of man is essential for the functioning of the enterprise, the human resource management is the core of the Corporate Governance and inseparable part of every senior executive. One of the most important components of human resource management is assessment of workers, as part of management work performance [6].

Profitability and competitiveness of the company should belong to the core of its management. To meet these objectives, it is necessary to reach a certain performance and employee commitment, which are the pillars of any business. Through the performance of its tasks and achieving results, they also contribute to meeting organizational objectives and ensuring business performance and competitiveness. Work performance directly affects the achievement of the objectives of the organization, but is affected by the skills of employees, motivation of employees, and various other factors. This implies that performance can be divided into business performance and employee performance (individual performance), which has an impact on business performance [2].

Organizations that deal with human resource management and thus also workers assessment with much attention and proper care, may feel greater loyalty, flexibility of their employees with better performance results, better creativity and willingness to achieve the organization's objectives. These are aspects that, amongst other are the most important part of any healthy organization [3].

The workers assessment is one of the most important preconditions in fulfillment of all basic human resource management task, which is to place the right person to the right place, appropriately link workers with jobs, optimal use of his capabilities, effectively lead people, create healthy interpersonal relationships and implement workers development, says Koubek [7].

According to Armstrong, the assessment of the worker and his work is a systematic process of setting the relative value of work in an organization, which allows to create a framework to support the decision on wages and salaries. It also helps with internal as well as external comparisons by providing of common language when discussing the relative value of people and their work [1].

Regular assessment of the workers lets managers to achieve the following [4]:

- understand interests and wishes of workers regarding their further development,
- recognize and rewarding of good employees and to identify and manage workers with the same problems,
- clearly express their views on workers, giving them feedback and thus guidance to their performance,
- encourage workers to achieve higher performance,
- provide clear message to workers about expected performance.

If we want to make any assessment, it is necessary to define the areas we want to evaluate and criteria by which will be assessment performed. The job assessment focuses on various elements, which can be divided into three groups - performance (output), input and process. The performance output is intended outcome of the worker's activity. These are usually well and clearly measurable. The second group represents the inputs, which is everything that workers at work shall insert into the activities - education, experience and also competence can be included here. The process group means approach of worker to performing of work, his behavior. In principle, it is the interface between input and output [5].

If we want formal assessment to make a real tool for employee development and growth of organizations prosperity, it should according to Repková meet the following requirements [8]:

- objectivity,
- versatility,
- comparability,
- systematic and thorough preparation,
- dual directionality / multi directionality,

- focus on the present,
- focus on performance,
- emphasis on the positive side,
- recency of assessments.

The assessment process of employees is the foundation of the whole system of assessment. It can be stated, that due to its interdependence with other HR activities and its impact on employees, it is necessary to set assessment system properly. Requirements to assessment system to work effectively has been summarized by Hroník, who states that the employee assessment system should have the full support of top management to comply with the corporate culture and support the objectives of the organization. It should be also adopted by workers and it should be linked to other personnel actions, such as remuneration and development. Further he adds that, the employee assessment system should be continuous, administratively simple and regularly evaluated [5]. Well prepared and implemented assessment system guarantees that results will be beneficial for individual employees, managers and the entire enterprise. Properly set of the employee assessment system means selection of the most appropriate methods of employee assessment. The choice of method of assessment is dependent on several factors such as type of job, the nature of the work itself and the degree of quantification of the results obtained. An important aspect is also the perception of the method assessment by the evaluated worker. In the case that, the worker does not consider the assessment system which is in place as correctly adjusted, it will ultimately have a negative impact on his work performance.

2. METHODOLOGY

The goal of paper is a comparison of selected methods of assessment of workers in terms of selection criteria based on the perception of evaluated workers.

For the purpose of research, there have been established following criteria, which were evaluated on a scale of 1 (least meets the criterion) to 5 (fully meets the criterion):

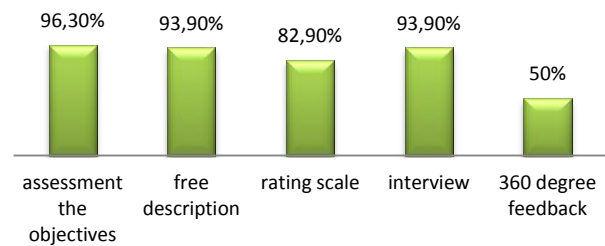
- objectivity,
- „validity“ (whether method evaluates exactly what it should evaluate),
- motivational effect on employee,
- impact on employee remuneration,
- impact on career development of employees.

The survey was focused on inquiries to 7 selected methods, but because of the low number of replies to the two methods (and the assessment center, BARS) results were processed for 5 methods:

1. assessment the fulfillment of the objectives,
2. free description,
3. rating scale (range),
4. assessment interview,
5. 360 degree feedback.

The research was conducted on a sample of 230 respondents - employees at managerial job positions, with return on 82 questionnaires, but none of the questionnaires contain the full number of replies, as respondents should comment only methods with which they have a personal experience. As shown in Graph 1, most of the respondents

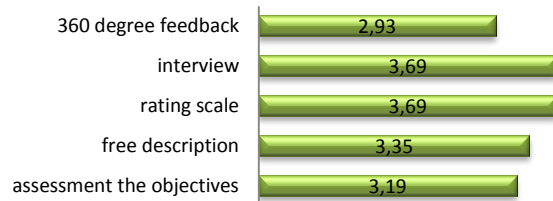
(n=79) have experiences with the method of assessment the fulfillment of the objectives, the least used method for assessment of the results in research is a method of 360 degree feedback (n=41).



Graph 1 Rate of use of selected assessment methods of workers
 Source: own research

3. FINDINGS

One of the prerequisites for acceptance of assessment system is objectivity. In the case that evaluated worker does not see the assessment method as objective, he can not perceive its assessment as fair, which often leads to demotivation of worker and at the same time to a decrease of his performance. The goal of research was to determine whether differences in objectively different assessment methods are widely perceived.



Graph 2 Comparison of selected assessment methods in terms of objectivity
 Source: own research

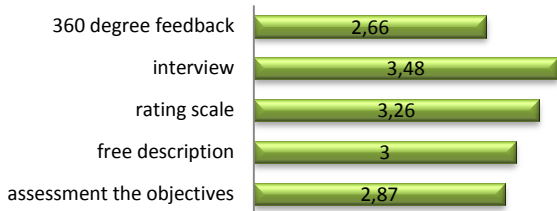
As shown in Graph 2, in the assessment of objectivity, there are no apparent significant differences between the methods of assessment, even if the overall results may not be evaluated as positive because average values fluctuate around value 3, which reflects only average. As the best methods are perceived the rating scale (range) and the assessment interview. Rating scale is a useful method because it contains a clear methodology and allows comparison of workers. Even though, the assessment interview creates significantly more room for subjective assessment, it is still perceived very positively, mainly because it provides sufficient space for the expression of worker.

The least positively perceived method was the 360 degree feedback, even though with this method, there was recorded significantly lower response rate, suggesting this method is rarely used. This method is very specific, especially because the assessment is not performed only by a superior officer, but also colleagues and subordinates, which is a prerequisite for ensuring of objectivity, but as the results of research imply, respondents do not perceive this method as sufficiently objective for their assessment.

An important factor which has received the attention of research is "validity". This term is understood as whether

A Comparison of Selected Performance Assessment Methods

the assessment method "investigates" exactly what is to be evaluated. Assessment of the criteria thus shows whether respondent perceives a particular method as correctly adjusted and whether subject of assessment are precisely characteristics which are from the perspective of the evaluated respondent considered as substantive. The results of the criteria for each assessment method are displayed in Graph 3.



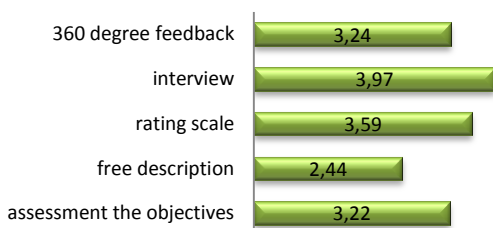
Graph 3 Comparison of selected assessment methods in terms of validity

Source: own research

As shown in Graph 3, methods which in the view of respondents rather not fulfill the criterion of "validity" are methods the assessment the fulfillment of the objectives and the method 360 degree feedback. As for the first-mentioned method, this fact will be most likely based on fact how clearly were defined objectives, which are then evaluated. The results show, the set objectives may not reflect the actual performance of work, which would mean that a given assessment method does not achieve the desired effect.

As for the method the 360 degree feedback, reason behind of the low assessment of "validity" might be the fact that, the worker is also evaluated by colleagues and subordinates, which the worker may not perceive as sufficiently competent for assessment of his performance. Respondents perceived the assessment interview as best method in terms of „validity“, most likely due to the reasons mentioned above, and due to option of direct feedback, and they can therefore to some extent affect the assessment process itself.

Therefore, for the assessment to work as intended and to stimulate the positive work performance, it must have an incentive effect. The result of the assessment should therefore not be merely a statement of the work efficiency, but it also has to motivate its worker to increase, respectively to maintain required levels of performance. Otherwise, the assessment system will have only a formal aspect, that does not affect the performance of workers in any way. The survey results are shown in Graph 4.

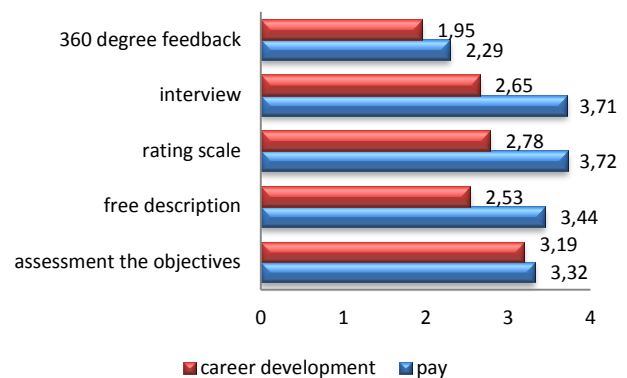


Graph 4 Comparison of selected assessment methods in terms of incentive effect

Source: own research

According to the survey, it is clear that the assessment methods are not perceived as a strong motivating for future job performance, as well as in previous cases there are not obvious major differences between the methods. Similarly, as in previous cases, most positively perceived is method of assessment interview - its perception of the incentive effect (in contrast to other methods) depends on the superior, respectively assessor, which carries out the assessment interview. It is possible to assume (according to the results), that direct contact with the evaluator is perceived as a positive element in the assessment of worker. Low incentive effect has been estimated for method free description.

A very important criterion for evaluating of worker is his connection to the rewarding system. Worker remuneration is the strongest incentive, and therefore through rewards it can significantly stimulate employee performance. In addition to remuneration, it is important that the work performance is taken into account also in career development of worker. Many organizations still apply the criterion of length of service, but this prevents the career development of young workers who meet the conditions for the holding of senior jobs. A prerequisite for an effective assessment system is therefore the link of assessment results to remuneration and career development of workers. The results are shown in Graph 5.



Graph 5 Comparison of selected assessment methods in terms of impact on remuneration and career development

Source: own research

According to the survey, it is clear that the assessment system is more closely linked to the rewarding system than to the career development of worker. The exception is method 360 degree feedback, which according to the results does not link even to the rewarding system. Regarding links to career development, the results can be evaluated rather negatively, since only in one method (assessment the fulfillment of the objectives) there is a clear impact on career development of workers. Of all the evaluated criterias the criterion the impact on career development has the lowest rating, and it is clear that career development is not highly dependent on the assessment of the work performance of workers.

4. CONCLUSION

The performance assessment presents an important HR activity that can significantly affect corporate performance. It is therefore very important to pay attention to this part of human resource management. Effective workers assessment system must meet several criteria, which were

the subject of this paper. Research results generally pointed out that among the various assessment methods, there are not obvious differences in the perception of the individual criterias. But perhaps it concludes that the most positive assessment method is the assessment interview, which proves that direct personal contact with the evaluator, possibility of immediate feedback are those aspects that evaluated workers need to perceive positive assessment. As the interview assessment is time-consuming method, in practice there are used other, less personal, assessment methods. In case of their use, is however appropriate that

the evaluated workers be provided with feedback from the evaluator. The overall results showed that the assessment methods are perceived on average, and therefore still shows a sufficient room for improvement of the assessment system, since only when the assessment is accepted by the assessed worker, it will stimulate his performance and, ultimately, the performance of the organization.

This work was supported under Grant VEGA 1/0513/14 „„Research of measurement and assessment of impact of HRM practices on organizational performance”.

REFERENCES

- [1] ARMSTRONG, M. 2002. *Řízení lidských zdrojů*. Praha: Grada Publishing, a. s., 2002. ISBN 80-247-0469-2.
- [2] BABELOVÁ, Z. 2012. Faktory ovlivňující spokojnost a výkonnost zaměstnanců. In: *Acta Universitatis Matthiae Belii*. [online]. Roč. 2012/XIV., č. 1, [cit. 8. novembra 2014]. ISSN 1338-4430. Available on Internet: http://sparc.fpv.umb.sk/kat/ken/akta/index.php?option=com_content&view=article&id=130:faktory-ovplyvuje-spokojnos-a-vykonnos-zamestnancov-&catid=25:vyskumne-tudie&Itemid=27.
- [3] BYARS, L. L., a RUE, W. L., 1997. *Human resource management*. Boston: Irwin/McGraw-Hill, 1997. ISBN 0-256-20193-5.
- [4] DEL PO, A. 2007. *The Performance Appraisal Handbook: Legal & Practical Rules for Managers*. NOLO; 2nd ed. 2007. 224 p. ISBN 978-1413305678.
- [5] HRONÍK, F., 2006. *Hodnocení pracovníků*. Praha: Grada Publishing, a. s., 2006. ISBN 80-247-1458-2.
- [6] KOUBEK, J., 1992. *Personální řízení 1*. Praha: Vysoká škola ekonomická v Praze, 1992. ISBN 80-7079-350-3.
- [7] KOUBEK, J., 2001. *Řízení lidských zdrojů*. Praha: Management Press, 2001. ISBN 80-7261-033-3.
- [8] REPKOVÁ, K., 1999. *Personální práce v organizácii*. Bratislava: Miroslav Mračko, 1999. ISBN 80-8057-103-1.

PhDr. Jana COCULOVÁ, PhD.

University of Prešov in Prešov, Faculty of Management, Department of Management
Námestie legionárov č. 3, 080 01 Prešov, Slovakia
e-mail: jana.coculova@unipo.sk