

USING PERFORMANCE APPRAISAL FOR INCREASING THE COMPANY'S OVERALL PERFORMANCE

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Abstract. Human resources performance appraisal is a very important activity of the personnel function of a company. Unfortunately, the Romanian company very often neglected that activity during the last decades. The performance appraisal has many applications like motivating employees, promotion, establishing the salary and adequate fringe benefits policies, identifying the training needs for the employees, etc. The paper presents efficient appraisal method that avoids in the same time the majority of the problems that can appear during the process, and the results of applying that method in a large Romanian industrial company.

1. INTRODUCTION

Selection, training, motivation, and performance appraisal are the key-processes that assure a modern management of human resources of an organization. From those, the most important is the performance appraisal because of its contribution in determining the rest of them.

The efficiency of human resource usage starts with *selection*. Previous definition of the behaviours that affect the task fulfilment and generates the efficiency of that process is, in the same time, the central point of any performance appraisal process. The validity of a selection test is a result of comparison between the performance proved by that test and the main aspects necessary to perform in that particular job/position. A well-designed selection system may lead to productivity increasing because it allows the organization to identify and to eliminate the applicants that would have performances beneath the acceptable level. The savings that result may be significant. One may identify the effects of selection process on employees productivity by observing there activity and by maintaining a high level of performance. This underlines again the importance of performance appraisal.

If the evaluation process points that the employee does not fulfil his/her tasks because of lack of knowledge or skills one may draw the conclusion that he/she must go through a training programme. The job analysis as a base for performance appraisal tools plays a crucial role in identifying the content of a *training* programme. In the same time, the performance appraisal helps to identify the individuals who need that particular training programme.

If an employee has both knowledge and skills but his/her performance is not at a satisfactory level, one may conclude that there is a *motivation* problem. The central point of a motivational process is quite the performance appraisal because during the interview, the employees receive feedback from managers and peers regarding his/her own achievements. Further objectives results from that feedback, the discussions between managers and employee may solve the problems, and the rewards will be according to the performance level.

2. THE MIXED STANDARD SCALE

One of the most used techniques that proved itself as an adequate appraisal tool is that based on lists of behaviours. The development of such tools is difficult but once they are developed, the results are satisfactory. Generally, the evaluator have to pick from a list of incidents, sentences those that define the behaviour of the evaluated employee. Therefore, the evaluator must simply record behaviour rather than assesses the level of performance or the characteristics of an employee.

One of the most recent and used methods based on lists of behaviours is **the mixed standard scale**. That method contents a number of behaviour examples. Each professional item has allocated a set of sentences (usually three) that describe a higher, a lower and an average performance. For example, in a performance appraisal file for an engineer, the professional item cold "team integration" is defined by the following behaviours:

Higher performance: Accordingly to his/her whole activity he/she is admired, respected, and appreciated, knows to become pleasant to the team.;

Average performance: Slowly become part of the team even if he/she has similitude with the commune interest.

Lower performance: He/she is blunt and inflexible, creates problems between peers through his/her attitude and behaviour.

Then the sentences are mixed in a random way, the belonging to a certain professional item being not obvious. The evaluator must indicate if the behaviour of an employee is "higher", "identical" or "lower" comparing with the sentence. There are also some algorithms for transforming those assessments into numbers (on a scale from one to seven) for each professional item.

Studies developed in the '80s identified a series of benefits of this method relative to other methods used to appraise the performance of human resources, like following:

The method force the evaluator to answer all three sentences regarding to a professional item and not only one (like in the rest of traditional methods), therefore reduces the appearance probability of leniency.

One may identify those evaluators mark the sentences at random by analysing the appraisal files; as a result there attitude can be corrected through adequate training.

The work of the evaluators is "simpler". They just have to compare individual behaviours with sentences instead of appraising human resources by using ambiguous terms (e.g. good).

The main inconvenient of the method is the higher level of complexity of the transformation system from sentences to grades. In the same time, usually the evaluators do not know to which professional item belongs a certain sentence (many times they do not know even the professional items to be appraise). Therefore, many times an evaluator will have problems to give an appropriate feedback to employees.

Consequently, the management of an industrial company chosen to be part of a pilot stage, decided to used the mixed standard scale to appraise there employees.

The process of applying that method is complex and laborious, assuming to go to a number of steps.

First, a number of specific criteria (dimension) for the activities of the workers that were part of the experiment were chosen. As sources were used the job descriptions of the jobs considered, individual discussions with engineers involved in the production process, experienced workers, executive officers with extended experience from HR department.

Based on that information, the following six dimensions (professional items) were defined:

- professional competence,
- professional efficiency,
- work attitude,
- regulation knowledge
- work discipline,
- sociability.

A questionnaire was developed and administrated to a group of employees from the analysed company. They were asked to come with examples of behaviours for each professional item that will define higher, lower, or average performance for a worker.

The behaviour examples were put in a random order in a list and a second group of experts had to reallocate the examples to the professional items. Finally, for each dimension, three behaviours were selected (one for each performance level) from those that had a reallocation rate of at least 60%. Those behaviours constituted the performance appraisal form.

3. THE EXPERIMENTAL RESULTS OF METHOD APPLICATION

The performance appraisal form was used by line managers to assess 32 workers.

The results were processed using a system developed E.I. Saal. He assumed that, during the performance appraisal process that use a mixed standard scale, a assessor can give three types of grades: "+" for a superior behaviour comparing with that described in the sentence, "0" for an identical one, and "-" for an inferior one. It means that, an assessor can give three grades for every professional item, each of them with three options. Result a total number of 27 possible combinations, each having a certain numerical value. Consequently, the procedure is very complex and time-consuming. The problem was solved by designing a short computer programme.

After processing the performance appraisal forms for all the workers, one used the statistic analysis to identify the evaluation errors. The table presents the synthesis of that analysis.

Table. The synthesis of statistical results regarding performance appraisal

Professional item	Average	Standard deviation	Asymmetry	Ranking interval
Professional competence	4,88	1,08	-0,33	3-7
Professional experience	4,53	1,09	-1,29	3-7
Work attitude	4,34	1,27	0,80	2-7
Regulation knowledge	4,47	1,06	-1,50	3-7
Work discipline	4,47	1,09	-1,46	3-7
Sociability	4,63	1,08	-1,03	3-7

By analyzing the table, one may observe a clear and permanent trend in giving rates above par. That trend indicates a leniency error (see the columns that refer to average and to asymmetry). However, the assessor use almost the entire scale, even if the extreme values – 1, 2, 6, and 7 – are relatively rare (one could not find those values on some appraisal forms). That indicates a centre tendency error.

In conclusion, one may say that the mixed standard scale is stricter regarding the rating design and methodology then other performance appraisal methods. It reduces the

appearance of systematic errors mainly because the assessor cannot have a stereotyped behaviour.

CONCLUSIONS

The availability and interest demonstrated by the management of the involved companies, the experts involved in the early stages of the experiment, prove that the problems in the human resource management field become a major preoccupation for more and more Romanian companies.

The methodology used during the experiment allowed the development and testing of a performance appraisal form for a specific category of workers. The information that underlined that form and the data obtained through its implementation can be used for matching other goals like:

- identification of training needs assessment for both person rated and assessor;
- usage of the obtained data for planning, motivating and developing human resources of a company.

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