

## JOB PERFORMANCE EVALUATION AS BASE FOR ORGANISATION OPERATION IMPROVEMENT

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**Abstract.** Evaluation of employees' job performance is considered to be an important basis for current modern organisation to improve its functioning. Based on evaluation of actual work potential that organisation manages, and point of view of stipulated objectives, knowledge, skills, attitudes, value orientation, creativity, motivation, cooperativeness and further characteristics of each employee can be developed programmatically. Extent to which organisations deal with employee evaluation was being found out within researches focused on identification of current level of human resources management in organisations operating in Slovakia

**Keywords:** human resource management, education of employees, development, performance, employee evaluation.

**Jel classification:** L 25, M 53, M 54, Q 01

### 1. Introduction

Current era has brought intense changes to economic system, and impacts of integration and globalisation processes require maximum flexibility and adaptability of economic subjects as well as people in working process. People do not want to accept passively what is being offered anymore, they want to participate themselves in the feeling of satisfaction and fulfilment at work (Makraiová *et al.* 2011). In order to fulfil their needs regarding education, remuneration and thus overall motivation, it is necessary to monitor them regularly. Also for this purpose, it is important for organisations to conduct evaluation.

Some people think that working performance evaluation equals to working performance management. However, working performance evaluation can be defined as a formal assessment and evaluation of employees, most commonly on annual basis; and working performance management is a continuous, much broader and more complex process (Armstrong 2009).

Main objective of working performance evaluation is to find out maximum utilisation of skills, knowledge and interest of each employee (Arthur 2010).

Working performance evaluation represents a crucial personnel activity focused on finding out how employees perform their job, how they fulfil tasks and requirements of their working position, what their working behaviour is, and what their relationships are with co-workers, customers and

other persons they are in contact with in relation to their work (Koubek 2004). Employee evaluation reflects also how a superior employee is able to work with people and how they are subsequently able to use knowledge obtained within evaluation to reach strategic objectives (Toth 2010). Evaluation should also comprise communication, most often between direct superior and evaluated employee, focused on evaluation of information obtained upon evaluation (Sedlák 2008). It should involve accentuation of positive features of working performance and social behaviour of employee, and reference to found insufficiencies (Stachová 2011). The given implies that appropriate evaluation should provide an opportunity to clarify facts about evaluated and evaluator with regard to the fact that each of them can have different perception and thus also standards in evaluation of individual activities (Wagnerová 2005). This way may prevent occurrence of misunderstandings and ambiguities within decisions of superior employee and their correct understanding and carrying out by subordinate employees (Livian – Pražská 1997). However, it is essential that employee evaluation does not stick only to stating of working performance positive and negative features and mutual explanations. Regarding found positive features, it is necessary to motivate employee to continue with the given behaviour, and regarding found insufficiencies, it is necessary to ensure employee support in their elimination (Stýblo 2003). The most appropriate form of support is usually to provide employee an opportunity

to educate. Further education opportunity provision is also suitable as a form of motivation, since this is how organisation shows employees that they are so valuable for it that it is willing to invest financial means in them, which subsequently implies that it counts on them also for the future, whether at currently occupied position or at a higher position after higher education completion (Urbancová, Königová 2010).

The given implies that objective of evaluation from the point of view of employee is to obtain information on their work evaluation, their prospect in organisation, possibilities of their personal development and possibility to share this information (Kocianová 2010). In case employee evaluation is effective and acceptable for all participants it can encourage such employee development that is considered as positive also from the point of view of organisational culture (Kachaňáková 2010). It is within implemented organisational culture where employees are declared also ways how to behave in organisation and what behaviour is considered as appropriate (Deal *et al.* 1982.) It can also be claimed that if activities of employees are evaluated positively, they fix the given behaviour pattern, respectively behaviour, and act accordingly also in the future (Kachaňáková, Stachová 2011).

There are many studies focused on finding out how organisational culture influences performance. All these studies, as well as our research, are linked by a presumption that there exists a certain connection between organisational culture and performance, while organisational culture has a key role in reaching strong performance (Kachaňáková, Stachová 2010). Research conducted in eight different countries with participation of more than 90000 respondents showed that up to one fifth of employee performance is explainable by differences in organisational culture (Uruga, Obdržálek 2009). If an organisation's performance is to be as strong as possible it is necessary that organisational culture content is consistent with outward environment, industry conditions and organisational strategy (Corbett, Rastrick 2000). However, for practical application of the given statements it is necessary that top managers in organisations start to consider organisational culture to be a real tool that can be consciously and systematically influenced (improved, cultivated, managed), and through which it is possible for the given organisation to ensure long-term reaching of required performance (Cagaňová *et al.* 2010).

Systems of personnel activities, including evaluation, represent the key tool for creation of desirable culture, respectively behaviour in organisation (Lukášová 2010).

The given characteristics of employee working performance evaluation directly imply significance of evaluation impact on education, remuneration and carrier management of employees. That is why we focused, within our research, on the analysis of current status of employee evaluation in organisations operating in Slovakia. Results obtained in the research are provided in this contribution.

## 2. Material and methods used in the research

Objective of the article is to present results of the research executed in the period from February 2010 to May 2010, aimed predominantly at finding out whether and how human resources management is currently implemented in organisations operating in Slovakia. Regarding extent of the given issue, the research was divided into ten partial objectives, while one of them was to identify whether organisations deal with employee evaluation and whether its results are subsequently used upon remuneration, education and carrier development.

Set of respondents comprised 340 organisations operating in Slovakia, while the main condition posed on the organisation was the size of at least 50 employees. Overall size structure of interviewed organisations is given in (Table 1), implying that organisations with the number of employees between 50 and 300 were the most represented in the research.

**Table 1.** Size structure of the analysed organisations (Source: Author)

Number of employees in organisation	50 - 300	301 - 1,000	1,001 - 5,000	over 5,000
Share of organisations in %	70	21	7	2

Within research focused on finding out whether organisations deal with employee evaluation, we were particularly interested in whether they had established a formal system of employee evaluation, whose opinion is required upon obtaining information within formal evaluation system and which methods of working performance evaluation are preferred in organisations. All information was dealt with in relation to individual employee categories, i.e. management, specialists, administrative employees and manual workers. We were subsequently interested in whether employees were familiarised with evaluation results and whether they had an opportunity to comment on them. Last but not least, we also focused on spheres in which organisations use information

obtained through employee working performance evaluation.

Systemic approach was applied for the research processing, and obtained information was processed through methods of induction, deduction, analysis, synthesis and generalisation. Questionnaire survey was used to analyse current state of focus of organisations operating in Slovakia on employee working performance evaluation, and statistical methods were used upon its processing. Most values were expressed as percentage upon results summarisation. Comparison method was used upon current state evaluation, comparing organisations dealing with employee evaluation to those who do not deal with this function of human resources management.

### 3. The analysis and evaluation of research results

Objective of employee evaluation is working performance permanent enhancement based on whole human resources management system improvement through better knowledge of evaluated employees, their tasks and activities (Kachaňáková *et al.* 2008). In this respect, within our research, we were predominantly interested in whether interviewed organisations deal with employee working performance evaluation, i.e. whether they had established a formal system of evaluation. The 80 % of organisations answered the given question positively. Compared to a research of the same character, also conducted at School of Economics and Management in Public Administration in Bratislava, for the same purpose and involving a similar respondent sample, a positive trend can be stated, since the number of organisations has increased by 10 % (Table 2). However, we do not consider even this state to be ideal with regard to the importance of evaluation function.

**Table 2.** Percentage of organisations with established formal system of evaluation (years 2010, 2011) (Source: Author)

Have you established a formal system of evaluation?	% of organisations in 2010	% of organisations in 2011
positively answering organisations in %	70	80

With regard to the given fact, the following part of this article will analyse only organisations declaring that they deal with evaluation of their employees actively. To find out whether evaluation system is focused on all employees or only selected ones, we posed the following question:

“Do you have a formal employee evaluation system for the following employee categories?” Answers of organisations are shown in (Table 3).

**Table 3.** Answers to question: Do you have a formal employee evaluation system for the following employee categories?” (Source: Author)

Do you have formal evaluation system for:	% of organisations in 2011
Managers	82
Specialists	74
Administrative employees	79
Manual workers	76

Answers of interviewed organisations implied that employee evaluation is conducted for the management position in the greatest extent. More than 60 % of interviewed organisations stated that they had established employee evaluation system for all categories. With regard to information on who is evaluated, we were also interested in who evaluates. Theory and practice usually coincide that the most competent person to evaluate employees are their direct superiors. They should also conduct final evaluation of all supporting materials for evaluation, whether they had been compiled by themselves or submitted by anyone else. They should also lead final interview and propose measures resulting from evaluation (Koubek 2007). Superior at the same time gets overview of results of all their subordinates, which represents a necessary precondition for right decisions in such spheres as remuneration, education and carrier (Kachaňáková *et al.* 2002). However, employee evaluation can be conducted also by other persons from the given organisation or external ones, for instance senior superiors, subordinates, colleagues at the same working position or customers. Self evaluation or assessment centre have been broadly used recently. Each of the given evaluation forms has advantages as well as disadvantages and they cannot be used for all working positions equally. It is up to organisation which evaluation form it chooses, however its objective should be the greatest possible objectivity of evaluation results. Three-hundred-and-sixty-degree feedback is considered to be the most comprehensive evaluation form, within which employee is evaluated by a broad scale of criteria and evaluators. Three-hundred-and-sixty-degree feedback is a relatively new feature, however interest in it has been increasing. (Armstrong *et al.* 2004). Kubeš, Spillerová and Kurnický (2004) emphasize, in relation to three-hundred-and-sixty-degree feedback, that it enhances and increases objectivity of employees’ views of themselves. Within our research in organisations operating in Slovakia, we were also

finding out whose opinion is required to obtain information upon working performance evaluation. The answers to this question are shown in the table 4.

**Table 4.** Answers to question: “If you have a formal evaluation system, whose opinion is required to obtain information within employee evaluation?” (Source: Author)

Whose opinion is required upon evaluation of:	Managers	Specialists	Administrative employees	Manual workers
Direct superior	66	82	78	75
Senior superior	31	26	21	18
Employees themselves	23	26	23	16
Subordinates	7	5	3	3
Colleagues	10	12	9	8
Customers	10	13	5	12

The given implies that direct superiors are used to evaluate employees in the greatest extent, in all employee categories. Senior superiors are used in a significantly smaller extent, or self evaluation is conducted. Only 3 % of organisations stated that they conduct evaluation through three-hundred-and-sixty-degree feedback.

Within the research, we were also interested in which evaluation methods are most often used to evaluate working performance in individual employee categories, since they represent a tool for consistency encouragement upon employee evaluation, and they can contribute to elimination of two crucial evaluation problems – subjectivity and formalism (Stýblo *et al.* 2009). Results are shown in the table 5.

The given implies that evaluation based on objectives fulfilment is used in the greatest extent, in 40 % - 52 %, to evaluate management, specialists and administrative employees; evaluation interview follows, in 29 % - 35 %. Evaluation scales are quite often used, in 25 % - 30 %; evaluation based on norms fulfilment is used in 21 % - 26 % and self evaluation in 15 % - 20 %. To evaluate manual workers, evaluation based on norms (standards) fulfilment is most often used, in 41 %; followed by evaluation based on objectives fulfilment and evaluation scales, used in 32 %. Other methods are used in a significantly smaller frequency.

**Table 5.** The answers to question: „Which of the following methods to evaluate working performance do you use for individual employee categories?“ (Source: Author)

Evaluation method for working performance of:	Managers	Specialists	Administrative employees	Manual workers
Evaluation scale	25	30	27	28
Evaluation reports	18	23	16	13
Evaluation based on norms (standards) fulfilment	21	26	20	41
Evaluation of key events	18	17	10	6
Evaluation questionnaire	16	19	18	15
Comparison evaluation	7	12	10	12
Evaluation interview	30	35	29	21
Self evaluation	20	20	15	10
Manager audit	10	3	3	1
Evaluation based on objectives fulfilment	52	51	40	32
Assessment centre	5	3	2	2

With regard to the fact that evaluation is performed for the purpose of achieving permanent enhancement of working performance based on continuous development of skills and overall competence of employees, as well as their appropriate working behaviour, it is essential not to perceive it as something unwanted. It is therefore important to discuss its consequences with evaluated employees and, on their basis, to set up individual objectives for employees (Čambál 2009). For this purpose, assessment of evaluation should follow necessarily after evaluation conduction, and evaluated employee should unconditionally participate in it, since they have a right to be familiarised with obtained results as well as they should have room for comments. Within our research, we were also finding out whether employees of analysed organisations have such a possibility. Answers to this question imply (Table 6) that 41 % of interviewed organisations stated that employees have a possibility to comment on the results of working performance evaluation. The 18 % of organisations stated that their employees have no possibility to comment on these results (while they have not

even been familiarised with them), 21 % stated that employees have been familiarised with evaluation results. However, they do not have a possibility to comment on them, which implies that 39 % of employees are evaluated but evaluation itself is not discussed with them. In the 20 % of organisations, working performance evaluation is not conducted at all, as already stated in the introduction. However, as it was already stated, if organisational evaluation system is supposed to be effective, it needs to comprise an evaluation interview, where results of evaluation should be discussed with employees (Lukášová 2006). Evaluation results should imply clearly further direction bringing benefit and meaning to both involved parties (Horáková 2011).

**Table 6.** Answers to question: “Do your employees have a possibility to comment on the results of working performance evaluation?” (Source: Author)

Do your employees have a possibility to comment on the results of working performance evaluation?	Positively answering organisations in %
Yes – they are perfectly familiarised with evaluation results and have a possibility to comment on them	41
No – evaluation results are only for evaluators	18
Evaluation results are communicated to employees but they have no possibility to comment on them subsequently	21
We do not conduct working performance evaluation	20

The last question of our research was focused on finding out in which spheres information obtained upon working performance evaluation are used. Results are shown in the table 7.

**Table 7.** Answers to question: “In which of the following spheres is information obtained through employee evaluation used?” (Source: Author)

In which of the following spheres is information obtained through employee evaluation used?	Positively answering organisations in %
Remuneration	72
Education and development	33
Carrier growth	40
Personnel planning	26

Table 7 implies that information obtained through employee evaluation is used in the greatest extent, in 72 %, within employee remuneration. In a significantly smaller extent, in 40 %, they are used within carrier growth planning; they are used within employee education and development planning in

33 %; and they are used in a smaller extent, only in 26 %, within personnel planning.

#### 4. Conclusions

Working performance evaluation represents a process in which organisation evaluates performance as well as competence and working behaviour of employees. If this evaluation is well-prepared and conducted its results can mean impact for individual employees, managers and whole organisation. Due to this reason, fact that organisations operating in Slovakia dealing with evaluation system do not try to obtain as comprehensive view of employees as possible (through obtaining information from all people who get in contact with the given employees, and from employees themselves through 360-degree feedback) upon obtaining information, but usually obtain this information only from direct superiors sounds quite negative. Although it is a direct superior who is generally considered to be the most competent person, since they know situation at the workplace of evaluated employee best, they can provide them also with partial, informal feedback regarding achieved working performance and it is them who is supposed to set up objectives for the following periods in cooperation with the employee. However, it is not possible to consider such one-side obtaining of information upon employee performance evaluation as sufficient. Analysis of using individual evaluation methods of employee working performance showed that so called traditional evaluation methods, i.e. evaluation based on performance and evaluation based on norms (standards) fulfilment, are most often used. We can evaluate positively that methods like evaluation scales, evaluation interview and self evaluation have gradually started to be used also in organisations operating in Slovakia. Obtained information implies that working performance of organisational management is most often evaluated, and individual methods are used in the greatest percentage upon its evaluation, although even these values cannot be considered as sufficient with regard to modern human resources management.

One of the fundamental evaluation principles is a need to familiarise evaluated employee with evaluation results and to provide them room for comments regarding their view of evaluation. Based on this, discussion should be lead between evaluated person and their direct superior about found state and subsequent improvement of the found state. Due to this reason, finding that in more than 59 % of interviewed organisations, employees do not have a possibility to comment on the results of working performance evaluation, and

18 % of them is not even familiarised with this evaluation sounds negative. It is therefore impossible to fulfil evaluation objectives in these cases, implying that up to 59 % of interviewed organisations do not conduct effective evaluation of their employees; respectively they do not have an evaluation system at all.

With regard to significantly negative finding resulting from answers to the fifth question, we attach to docent Kachaňáková's statement that working performance evaluation works too often only as a kind of bureaucratic system where personal unit has the main role rather than line managers. It focuses predominantly on the past and on what was wrong, not on looking forwards and dealing with future needs of employee development. Employee evaluation is applied individually in most cases, and it is only a little interconnected with organisational needs. Line managers often refuse it as something requiring much time and not having a significant meaning. Employees are irritated by shallowness with which managers often conduct it, lacking necessary skills or only wanting to fulfil the task without problems (Kachaňáková 2003). This reflects justification of the given research in practice, since organisational managements have a possibility to compare current evaluation system of working performance to state that interviewed organisations declared, and to consider possibilities of its enhancement on this basis.

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