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Performance Management, Its Assessment and Importance

Fadil Osmani^a, Gelina Maliqi (Ramolli)^b, a*

^a *Audit Department, Post Telecom of Kosovo, Pristine, Kosovo*

^b *Finance Department, Faculty of Business Administration, "Kristal" University, Tirana, Albania*

Abstract

In this paper are explicated the process of management and the performance evaluation of employees, which is one of the most important issues for human resource in the organization.

A special focus is put on the importance of individual performance, the stages through which this process to be realized, targets, key indicators, and challenges of which are facing the human resources in the public and private organizations.

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* Corresponding author. Tel. + 377-45-999-900

E-mail address: fadil.osmani@gmail.com

1. Introduction

Performance Management – it's a relatively new concept in management. Initially it's applied to the private sector and later is going to be used in the public sector.

Performance Management identifies the organization's objectives, the necessary results to achieve these objectives, the ways to be effective these objectives, and the drivers to achieve them.

This means that being engaged is not the same as achieve results. It makes us understand that the training, work and great commitment – are not results. Just for this, the performance management has its focus on achieving the best results within the organization, department, team or individual through understanding and performance management, orienting our efforts towards efficiency within a framework of planned goals, standards and skills required.

In short, performance management includes all activities that ensure the organization's objectives are being met effectively. One of the most important part of human resource management in the organization, which also is a issue to be considered in this paper with particular emphasis is the performance assessment of employees (staff).

2. Definition and Concepts of Performance Assessment

2.1. The Process of Performance Assessment

Performance means the process where employees with their engagement of knowledge and skills perform the work through the realization of their objectives effectively. Performance assessment is part of the performance management process, which is a collection (finalization) of communication for a certain period between the manager and the employee. Performance evaluation is usually applied for a yearly or half-yearly period depending on performance management policy of the organization concerned. For instance, in Kosovo, Post Telecom that is a public institution applies the method of performance evaluation for half-year, but there are public institutions who apply the method of performance evaluation for quarterly period, while private institutions apply the method of performance evaluation for a yearly period in cases where the assessing is done. In Albania, as in public institutions also in private institutions is applied the method of performance evaluation for a yearly period.

The first step - the process of performance assessment is the establishment of standards which will then be used as a basis for comparing actual performance of employees. This step requires the definition of criteria for assessing the performance of employees as successful or unsuccessful and the level of their contribution to the realization of objectives of the organization. These standards must be clear, understandable and measurable.

Illustrative example: Performance management policy of Post Telecom in Kosovo (currently is a public institution) and Albania's public institutions, as a standard performance evaluation are applying SMART method, this means that these objectives should be:

- S - Specific
- M - Measurable
- A - Achievable
- R - Realistic
- T - Time bound

Organization of Post Telecom in Kosovo and Albania's public institutions are focused precisely on the principle of SMART approach given the fact that the objectives of PT-Kosovo as well as the public institutions in Albania, being in connection with the strategy of these institutions, and then appears that these objectives are specific. Also, these targets are based on results so they are measurable. Since the objectives are related to the level of responsibility of each employee in these institutions, it ensures that these objectives are achievable and realistic. Consequently, for the fact that these targets are set to be realized within a half-yearly period of for Post Telecom in Kosovo and for a yearly period for Albania's public institutions, then these goals are time bound.

The second step - after setting these standards, the manager is responsible to communicate them to all employees in the organization. This helps employees understand their role in the organization and to be more committed to their tasks.

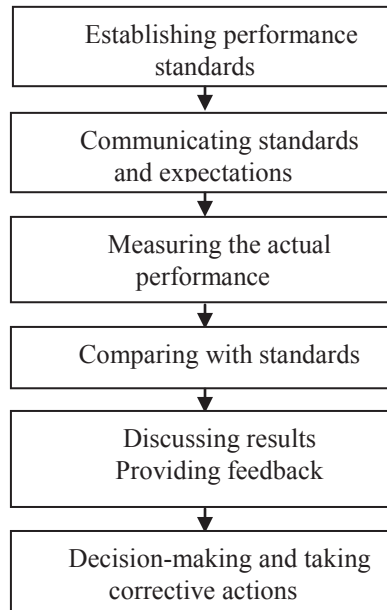


Fig. 1. Performance Assessment Process

The third step - is the evaluation of performance which is aimed at assessing the achievements of employees and the commitment they made to achieve the objectives of the organization.

The fourth step - after assessing the performance is going to be the comparisons with standards in order to see the deviations of the employees' performance from the defined standards. This includes the evaluation of data regarding the performance of employees.

The fifth step - the performance assessment process is incomplete without the communication of feedback or the result of performance assessment to employees by the manager. This enables employees to high scores to know that their efforts are appreciated and rewarded, while to the employees with poor performance make aware that their performance should be improved. But the way of communication and acceptance of feedback varies; it also presents the manager's ability to communicate this result of his employees. According to a popular saying: "A successful Manager is one who can lay a firm foundation with the bricks others have thrown at him." The purpose of this statement is the solution of problems or motivation of staff for the further work.

The sixth step - this is the last step, involves decisions-making regarding employee’s performance and steps to be taken against him/her according to the assessment made, such as: compensation, promotion, degradation, transfer, etc...

Here is an example of the Annual Assessment Form used in the public administration in Albania.

ANNUAL ASSESSMENT FORM

End of the Year _____

(To give back at the Human Resources Department within 15th November)

Section A

Employee Details

Name / Surname _____
 Birthday _____
 Date of beginning work in civil service _____
 Place of work _____
 Current position _____
 Date of beginning in current position _____

Section B

General Purpose Work

Objectives of Work

(according to the importance)

Indicate the level of assessment for each objective **1 - 4**

| | |
|------------|--------------------------|
| 1. _____ ; | <input type="checkbox"/> |
| 2. _____ ; | <input type="checkbox"/> |
| 3. _____ ; | <input type="checkbox"/> |
| 4. _____ . | <input type="checkbox"/> |

Section C

The level of basic skills

Indicate the level attained for each skill : 1-4 / Untested abilities should be marked with “x”.

| Basic Skills | Level |
|------------------|-------|
| Management | |
| Judgment | |
| Teamwork | |
| Use of resources | |

| Basic Skills | Level |
|------------------------------|-------|
| Self-organization | |
| Writing skills | |
| Verbal communication ability | |
| Quality of service | |

| | |
|----------------|--|
| Self promotion | |
| Creativity | |

| | |
|-------------------|--|
| Technical ability | |
|-------------------|--|

Section D

Overall superior assessment

(i) Reporting Officer

General comments to show any particular advantages of employees and any area or skill that must be improved.

.....

I assessed the employee according to the Guidelines for Evaluation and I think that the general level of performance at work is:



[1 – extremely well; 2 – good; 3 – generally sufficient; 4 – not sufficient]

Name Surname /Signature Level

Position of Work Date.....

(ii) **Comments made by the countersigning officer.**

.....

I think that the Report of the Assessment

- **is not made** in accordance with the standards required;
- **is in accordance with** the Evaluation Guideline. I am satisfied that the assessment is fair and accurate

Name Surname /Signature Level

Position of Work Date.....

Section E

Proof making notification

I read and I got a copy of this assessment and am aware that I can appeal through my direct supervisor within 10 days.

Name Surname / Signature Date.....

 =====

3. Objectives of Performance Assessment

3.1. Challenges of Performance Assessment

After the selection and hiring of personnel in the organization, employees must then be evaluated and motivated. Just when they feel valued and motivated, the employees can work effectively and will not be inclined to leave the organization.

The objectives of the assessment performance are:

- To review the performance of employees for a period of time;
- To assess the gap between the current and desired performance;
- To assist the manager in conducting the control/audit;
- To help in improving relationships and communication between managers and employees;
- To establish the strengths and weaknesses of employees, in order to identify training needs and future development;
- To provide the feedback from employees regarding their performance;
- To ensure the clarity of expectations and responsibilities of the functions to be performed by employees;
- To evaluate the effectiveness of other functions of the organization's human resources such as recruitment, selection, training and development;
- To reduce employee grievances.

In order for the performance appraisal process to be effective and successful, organizations face different problems and challenges.

The main challenges involved in the evaluation of performance are:

- *Defining the evaluation criteria*
Identification of assessment criteria is one of the biggest problems facing the executive manager. In order to access the evaluation, selected criteria should be measurable.
- *Creation of assessment instruments*
The aim of the assessment performance process is to evaluate the performance of employees more than that of employers. The focus should be on developing the organization's employees.
- *Lack of competence*
Executive Manager must carefully choose the evaluators. They should have the necessary knowledge to determine the evaluation criteria carefully. They should have experience and training needed to implement objectively the process of evaluation.
- *Errors in the assessment*
Many errors based on personal bias of evaluators, and the influence of others can drag the evaluation process. Therefore, the evaluator must make an objective assessment (not subjective), impartial and fair of the employees performance.
- *Resistance*
The assessment process can be faced to resistance from employees and trade unions, for fear of negative assessment. Therefore, communication with employees is needed in order to make clear to them the purpose and process of performance assessment. Also, the standards must be clear and known by staff, so that every employee should be aware of what is expected of him /her.

3.2. Key Indicators of the Performance

The performance indicators are efficient evaluative of the performance. These indicators are used to evaluate differences between employees and how to use their knowledge to increase their productivity - which leads to increased productivity of the organization.

Key performance indicators are: 1- Productivity; 2- Quality of work; 3- Initiative; 4- Team work; 5- Problem solving.

4. Types of Performance Assessment

There are three types of performance assessment systems that focus on: 1- Assessment of features / attributes of personal character; 2- Behaviors; 3- Results; 4- Self-assessment.

- Assessment of features / attributes of personal character - enables managers to evaluate the personal characteristics of their employees that are relevant to their work performance such as skills, talents and personality. However, this type of assessment also has its disadvantages, as having a specific personal characteristic not guarantee that this feature will be used at work and will result in higher performance. For instance, employee may have high capability, but its performance may be lower due to the low level of motivation by his leaders. Given the fact that character features are relatively stable, employees have little opportunity to change them in favor of performance.
- Assessment of behavior - Through the evaluation of behavior (action reaction), managers assess how performing the employees. While evaluation of the character features estimates the employees, behavioral assessment evaluates what they do and how employees react to the work process. Since for the employees is easier to change their behavior in the work process than character features, then the feedback is more likely to lead to better performance than in the first case.
- Assessment of the results - people differ from their abilities and inclinations. There is always a difference between the quality and quantity of the same work which is performed by two different persons. An employee may engage more but does not contribute at all to achieve the objectives of the organization. An example of this is the case when each employee in manual mode compiles every form and procedure, while the other carries them using computer technology. Therefore, for the organization is necessary the performance evaluation based on results and quality in order to understand each employee skills, competencies and values.
- Self-assessment - is another method of evaluation that puts the employee to assess and evaluate its performance in meeting the objectives of the organization. However, the problem of performance evaluation by the individuals themselves followed by suspicion that people can be subjective. For this reason it is not even realistic to expect that of themselves will be the right assessments by employees.

5. Conclusions

Organization's human resources are of great importance to its success. Without effective employees, organizations would work so ineffective and would risk failing to enforce claims of its objectives and mission. Therefore, every organization within the strategy that has, it applies the most appropriate system of performance management, a process that helps in the commitment of all employees towards achieving the objectives of the organization.

If employees see that is evaluated their work and commitment, then this result as motivation for their work further. As a component related to performance evaluation and plays an important role in motivating employees is to stimulate to growth the salary or other forms of rewards such as appreciation/gratitude, praise, etc. Therefore, many international organizations or institutions within their organizational structure apply the method of the remuneration as a result of the good performance of their employees.

This would be good to apply in Kosovo since the performance assessment process is seen as something more formal and must necessarily be accomplished by the leaders, where in most cases is done the subjective evaluation of left out without assess the real capabilities and results of employee performance. While in Albania, although is applied the method of remuneration as a result of the good performance of employees in public institutions, yet it remains a matter of choice because often-times the assessment is subjective and related to narrow personal or political according to management department or institution's political leaders.

Also, an element that must be present in the evaluation of performance in both Kosovo and Albania is to focus more attention on finding and application of methods for improving performance, rather than just their application without any positive result.

It is suggested that in the future to organize workshops, conferences, roundtables and sessions aimed at different training and awareness of the reviewers of the importance of human resources, and the importance of assessing the value and contribution they provide that are propulsive towards a most successfully future of the organization or institution.

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