



WASTE OF PERFORMANCE

The case study deals with the issue of employee performance appraisal in a chosen SME (small and medium-sized enterprise) operating in a recycling industry. The case study focuses on HR challenges in the process of employee performance appraisal. The case study brings a literature overview of the performance evaluation process. Solutions, based on the needs of the company and further secondary data, are introduced, as well as tools suggested to improve the evaluation process.

INTRODUCTION

The chosen company was established in 1994 as a family business in a small city, located in close proximity to the city of Liberec. Operating for almost 25 years, it has expanded into a prestigious and well-known company of a medium size with around one hundred employees. The company offers services with regards to waste management and environmental protection to partners across the whole of Europe. Its main focus is the ecological disposal and recycling of old discarded electrical devices.

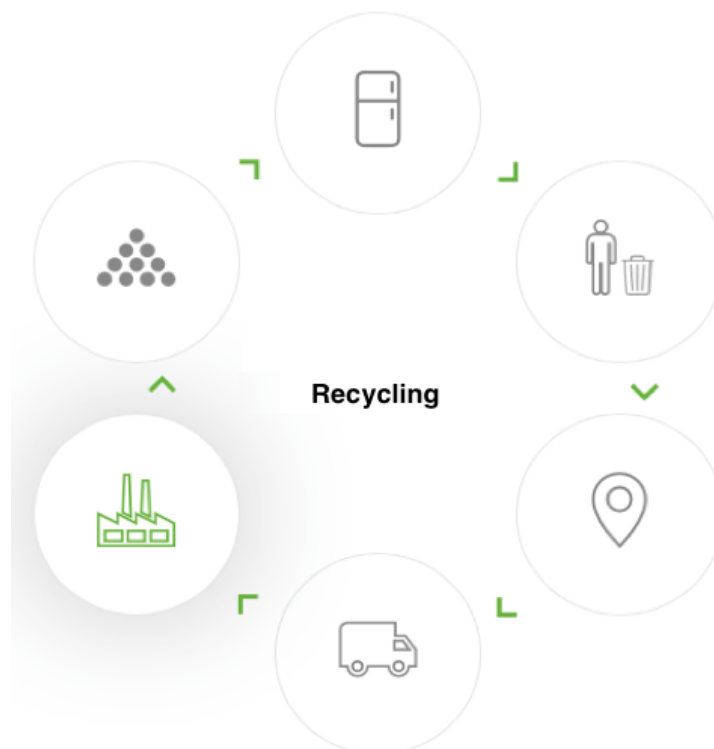


Figure 1 Recycling process in the company (internal sources)

The recycling industry in the Liberec region is considered to be crucial, with a priority to increase the amount of recycling and reusing of commodities by 2020. Furthermore, the



industry is planning to increase the waste collection system of electrical and electronic equipment (ISES, 2015).

The quality of the services provided by the company is its highest priority. All processes are managed under the internationally recognized ISO 9001 and ISO 14001 certificates of quality and ecology. The quality of the output materials is guaranteed by laboratory tests.

The company is highly customer-oriented and is striving for an individual approach and a long-term cooperation with its customers. All materials are reprocessed in order to meet clients' requirements. As demonstrated by its membership in the EERA (European Electronics Recyclers Association) and the AREO (Association of Recyclers for Electronic Waste), only the most advanced technologies are being used.

HR processes in the company. The company realises that modern society must invest not only in new technologies but also in its employees. Employees who are motivated, loyal and educated will be beneficial to the company's success within the competitive European market. Consequently, the company has repeatedly gained an internationally recognised INVESTORS IN PEOPLE certificate for their efforts to effectively manage and develop their human resources.

Since its foundation, the company has rapidly expanded. Due to this, an HR department had to be established in order to manage all personnel needs. The HR department currently has two employees, an HR director and an HR officer. As mentioned above, this HR department takes care of approximately one hundred full-time employees.

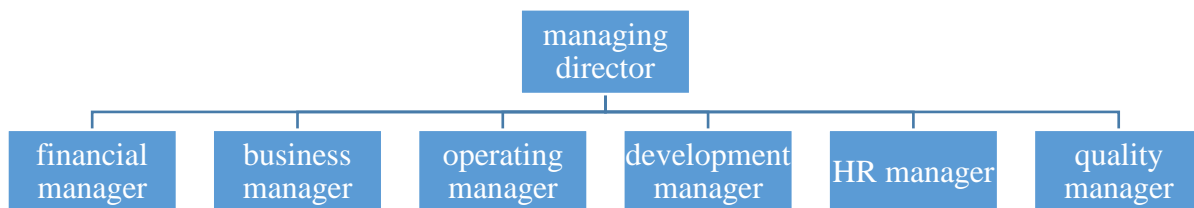


Figure 2 Management organisational structure (internal sources)

HR activities. One of the HR activities is recruitment, i.e., the company's search for candidates using both external and internal sources. Some of the tools used for recruitment in the company are:

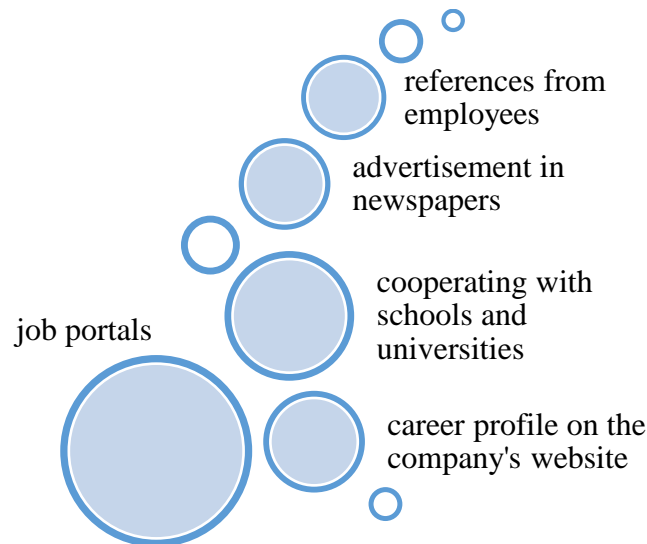


Figure 3: Tools used for recruitment (own elaboration)

Note: The bigger the bubble the more used the recruitment tool is in the company.

Recruitment is followed by a selection process which is realised through personal interviews and if necessary, supplementary testing. Another vital part is the induction process, which begins with a paper handbook with the most useful information for all new employees.

Full-time employees are provided with many benefits, such as free lunches, meal vouchers, sick days, travel subsidy, insurance and regular increase of wages. Every employee also has the opportunity to make new suggestions to support innovations for a cash reward.

Learning & development

The learning and development of employees is very important for the company and considerable financial means are spent on it. The main objectives of learning and development is the induction of new employees, professionalisation of employees on individual job positions and support of students and future graduates of universities. Also, it is the base for career growth as well as personal development.

Training activities are provided to employees on annual basis. However, if someone feels the lack of necessary information, they can contact their supervisor at any time. Educational activities are carried out in a variety of forms - professional publications or e-learning, consultation, training - both external and internal, sharing of experience and information from other colleagues or superiors. One of the sources where information and inspiration can be found is the company's corporate cloud.

HR challenges



The system that is set in the whole HR process is highly developed considering the size of the company (around 100 employees). A very important part of the system, and also the main focus of this case study, is the evaluation of employees. The process of evaluation is a key factor for knowing employees' performance, as well as for letting their potential grow.

The evaluation process in the company is very well thought of. Employees get monthly evaluations for fulfilled targets in order to get a bonus. There is also an evaluation after the induction process. Moreover, once or twice a year, employees get a chance to evaluate their direct managers. Officers in higher positions (managers etc.) also have a 360° feedback once a year.

monthly employee evaluation

- for bonus purposes

evaluation after an induction process

- to analyse the potential or needs of a new employee

evaluation of direct managers

- once or twice a year

360° feedback

- for managers and other officers on higher positions

annual evaluation

- currently missing

Figure 4: Evaluation processes in the company (own elaboration)

OBJECTIVES OF STUDIES

The purpose of this study is to help the company with a problem that they are aware of but have not yet made any necessary changes to address. The issue that the company seems to be facing is that it is missing an annual employee evaluation. That is the objective of this study. More about it is explained in the chapter 'Findings and analysis'.

LITERATURE REVIEW

Employee performance appraisal (employee evaluation) can be described with the help of the following definitions. It is a systematic evaluation of the performance of employees, which is used to understand the abilities of a person for further growth and development (Prachi, 2018). Foot, Hook and Jenkins (2016) describe employee performance appraisal as a formalised way of giving employees feedback about their performance at work. Apart from giving feedback, performance appraisal can also help to identify the potential or talent in an employee and their development or training needs. This process usually happens once or twice a year in most

organisations. That does not mean that feedback should be kept until the performance appraisal, regular feedback is important. The employee performance appraisal provides the opportunity for an overall view on the employee’s work, the opportunity to look back on what has been achieved during the reporting period and what should be achieved for the future period.

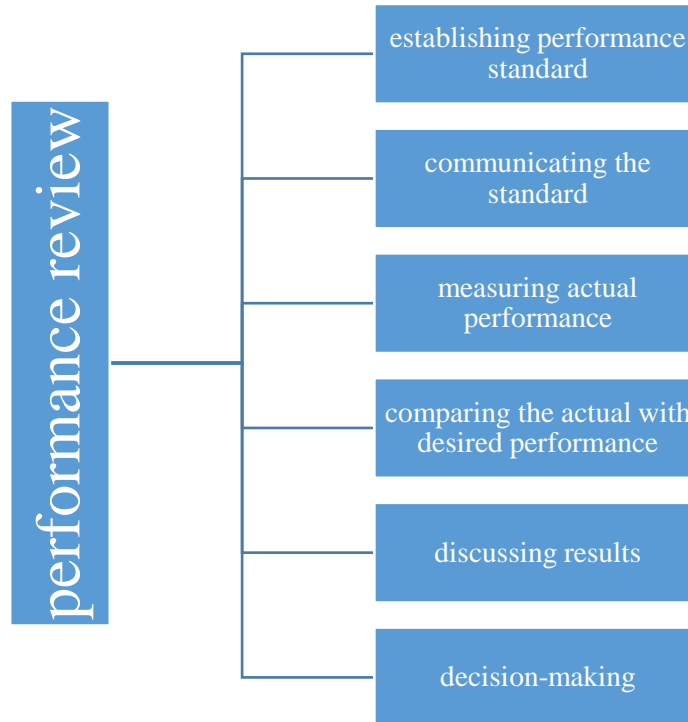


Figure 5 Performance review process (Adopted from Aguinis, 2013)

Except for the formal performance appraisals, regular separate personal development reviews (PDRs) are usually used in most companies, also referred to as ‘one-on-ones’. These provide an opportunity for a one-on-one discussion between a line manager and individual members of a team.

Performance appraisal could be used differently in every organisation. The three main uses according to Rendell *et al.* (1984, in Foot, Hook, & Jenkins, 2016) are performance, potential and reward.

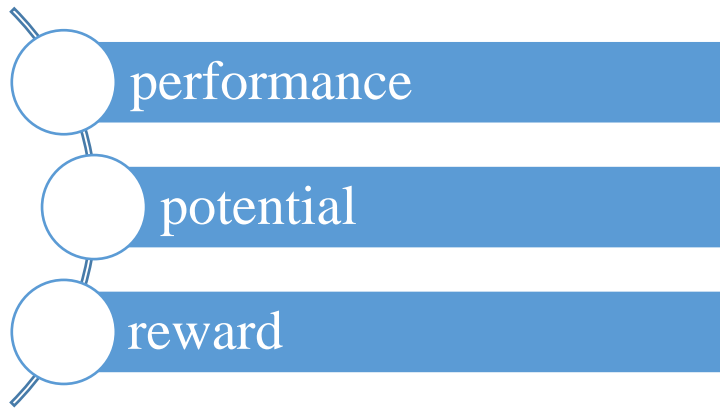


Figure 6: Main uses of performance appraisal (Adopted from Rendell et al., 1984, in Foot, Hook, & Jenkins, 2016)

The use of ‘performance’ means the assessment of an individual’s past performance, the use of ‘potential’ means the identification of employee’s potential for future roles and ‘rewarding’ in performance appraisal can refer to the allocation of rewards for great performance. The last use, rewarding, may in some scenarios prove to be problematic. For example, an employee could be much less likely to discuss any development needs if he/she thinks it will prevent him/her from getting a bonus (Foot, Hook & Jenkins, 2016).

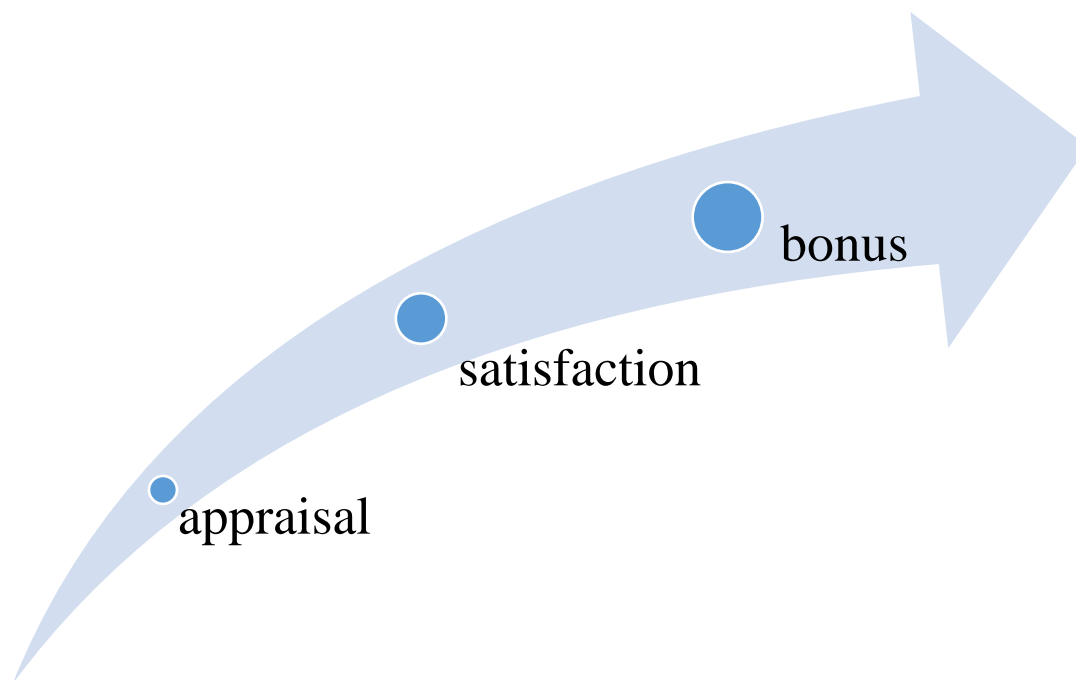


Figure 7: Linkage of financial outcomes and appraisal (own elaboration)

Performance appraisal systems were developed before the more strategic idea of performance management. It can be considered to be both a tool in performance management and a procedure



on its own (Foot, Hook & Jenkins, 2016, p. 218). Beardwell and Thompson (2017) classify performance appraisal only as one tool in the performance measurement toolkit.

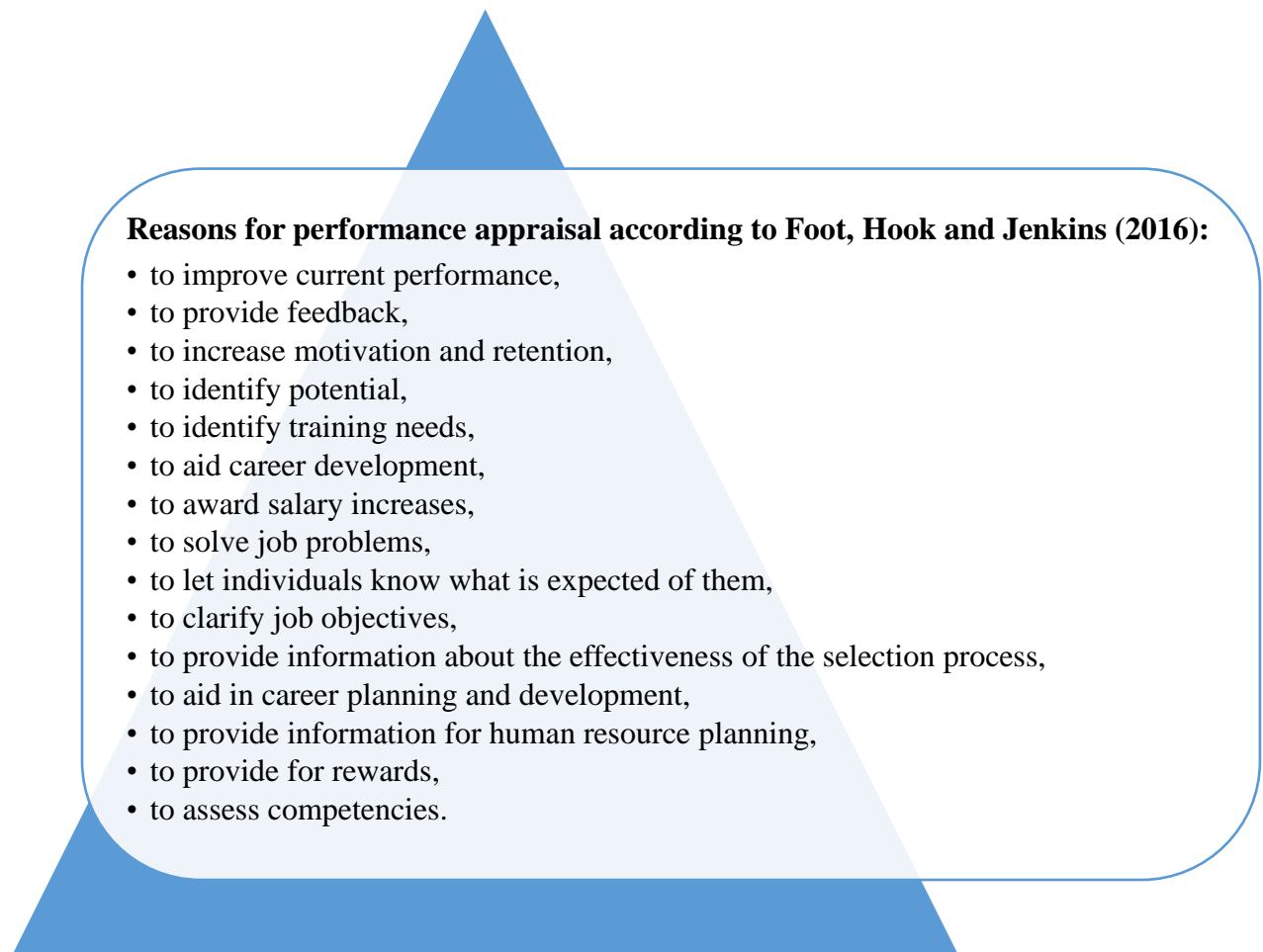


Figure 8: Reasons for performance appraisal (Adopted from Foot, Hook, & Jenkins, 2016)

There are many possible methods of employee performance appraisal. Deb (2006), Khurana et al. (2010) and Randhawa (2007) (in Venclova, Salkova, & Kolackova, 2013) divide methods into traditional and modern.

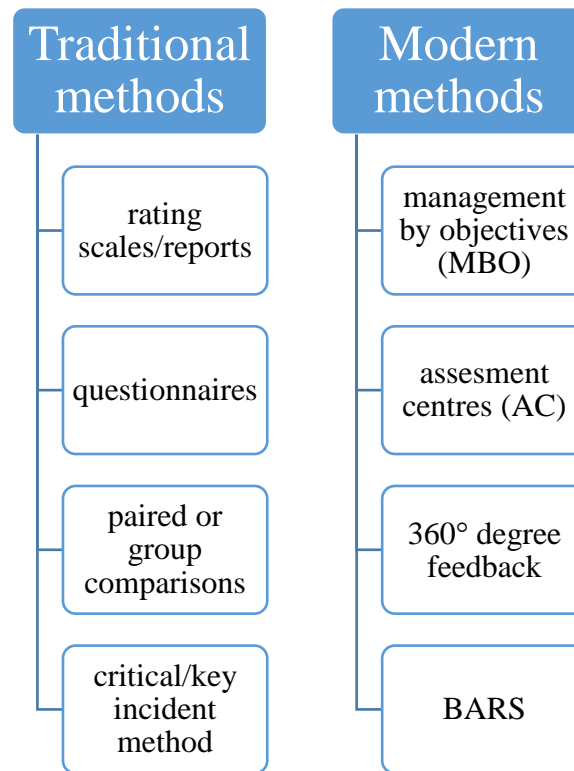


Figure 9: Division of methods (adopted from Deb (2006), Khurana et al. (2010) and Randhawa (2007) in Venclova, Salkova, & Kolackova, 2013)

METHODOLOGY

As already outlined, the system that is set in the company, regarding HR, is very elaborate. Two visits were made in the company in order to classify if there is a need to improve something in the established system.

Primary data were collected mainly by shadowing employees in the company. Discussions with the HR manager were held, as well as observations during work. Two evaluation interviews, which were held with employees who have spent a month on newly created positions, were studied. A questionnaire was completed by the company to support the quantitative data.

Secondary data about the recycling industry in the Liberec region were used. Information about the evaluation process were researched from a literature review.

FINDINGS AND ANALYSIS

After discussions with the HR manager and observations in the company, it was found that an annual evaluation process is missing. That seems to be a problem that the HR manager would like to change.

A central deadline for annual employee performance appraisal should be brought to the attention of the management to ensure that employees meet with their supervisors at least once a year. They would discuss development and where the employees have progressed in the



previous year. At the same time, these individual evaluations should serve as the basis for the central education plan that would include both the training requirements for individuals, as well as departments, interest teams, talent and management.

The company has a training plan that is not fully active and effective, performance evaluation with the learning and development plan will be interconnected and one will be automatically a basis for the other.

The appraisal interviews will not only lead to employee's own development but also to some systematic personal reflection. Performance evaluation results will be used for the employee's development, as well as for the improvement of the results of the whole company and as important feedback for managers. Yearly appraisals are important in many ways, some of them mentioned above. That is why, an annual evaluation is the key factor of this case study.

Proposed HR Tools

An annual evaluation questionnaire was created in order to enhance the company's performance appraisal system. A short manual for managers on how to work with the annual evaluation was also developed. Primarily, however, the annual evaluation process has to be established in the whole company. A guide on how to implement this process is enclosed in the appendix.

The scale used in the questionnaire is even. The reason for that is that the evaluator (or the evaluated in some cases) have to incline to either better or worse results and they do not have the option to choose a neutral one. The option 'Not applicable' is added in order not to be forced to evaluate something that cannot be.

Critical Evaluation of Findings and Proposed HR Tools

The created tools should help the company to find out how employees are doing at work, whether there is a need to help them with their performance or whether there is a space for some to grow more in the company. Also, they should help find out whether there is a repeating process that could benefit the whole company.

CONCLUSION

Employee evaluation is crucial for every company, no matter its size. Whether a company has 5 or 5,000 employees, knowing how employees are doing at work and if there is a lack or excess of something is a key factor for the company. The performance appraisal process in the chosen company is very well developed. A suggestion for an annual appraisal was made, as well as a



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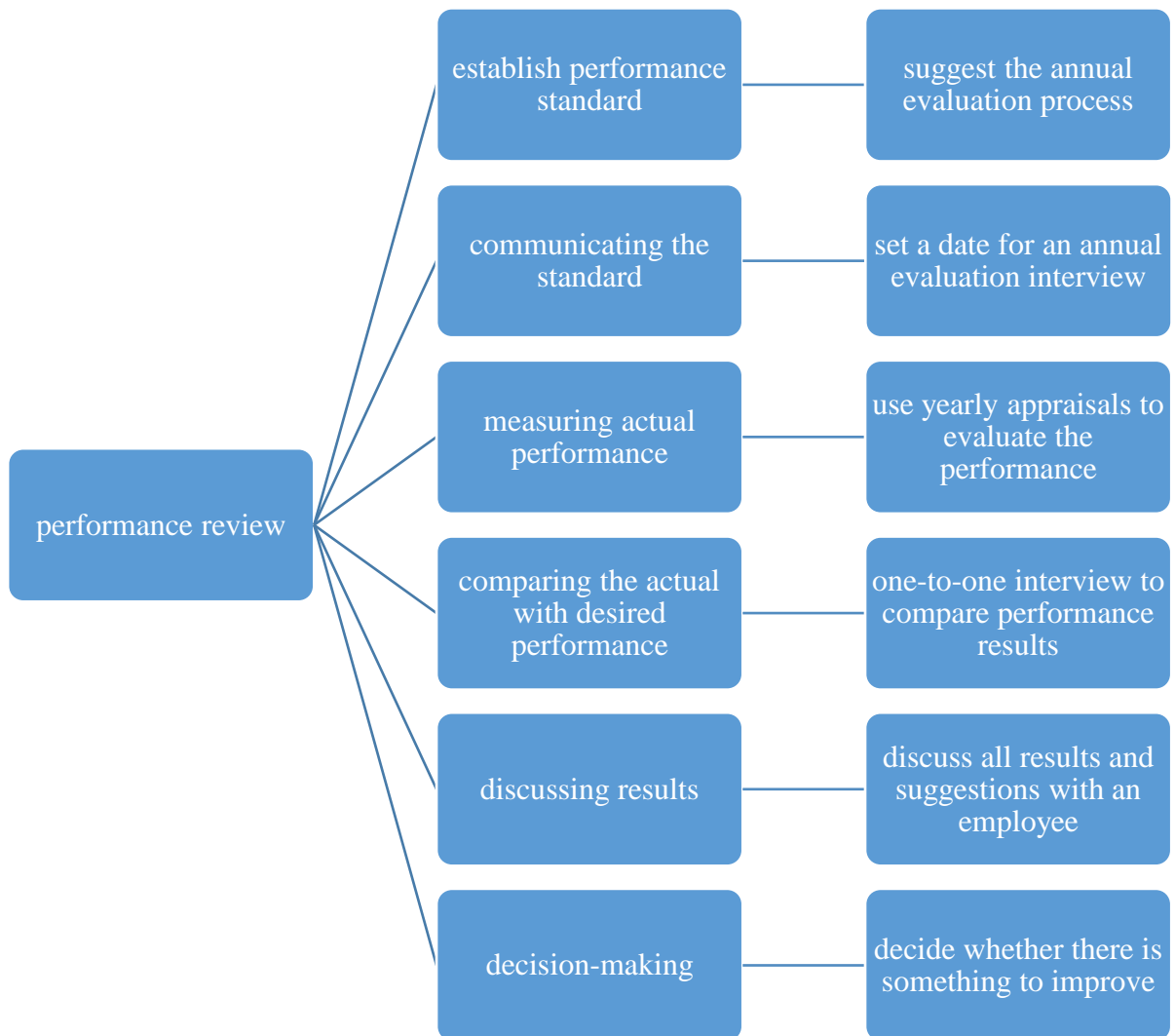
guide for how to establish it. Moreover, a questionnaire was created as a practical tool for the company.



APPENDICES

Appendix 1: How to implement the annual evaluation process in the chosen company

Step by step guide





Appendix 2: An annual evaluation questionnaire

Employee Performance Review

Employee Information

| | | | |
|---------------|--|----------------|--|
| Employee Name | | Employee ID | |
| Job Title | | Date | |
| Department | | Direct manager | |
| Review Period | | Evaluator | |

Ratings

| | Unsatisfactory | Needs improvement | Satisfactory | Excellent | Not applicable |
|--------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Planning/Organization of work | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Job Knowledge | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Work Quality/Expertise | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Attendance/Punctuality | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Productivity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Communication/Listening Skills | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Dependability/Decision/Initiative | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Leadership skills | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Learning/Desire to Learn New Things | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments</i> | | | | | |
| Overall rating | | | | | |

Additional comments



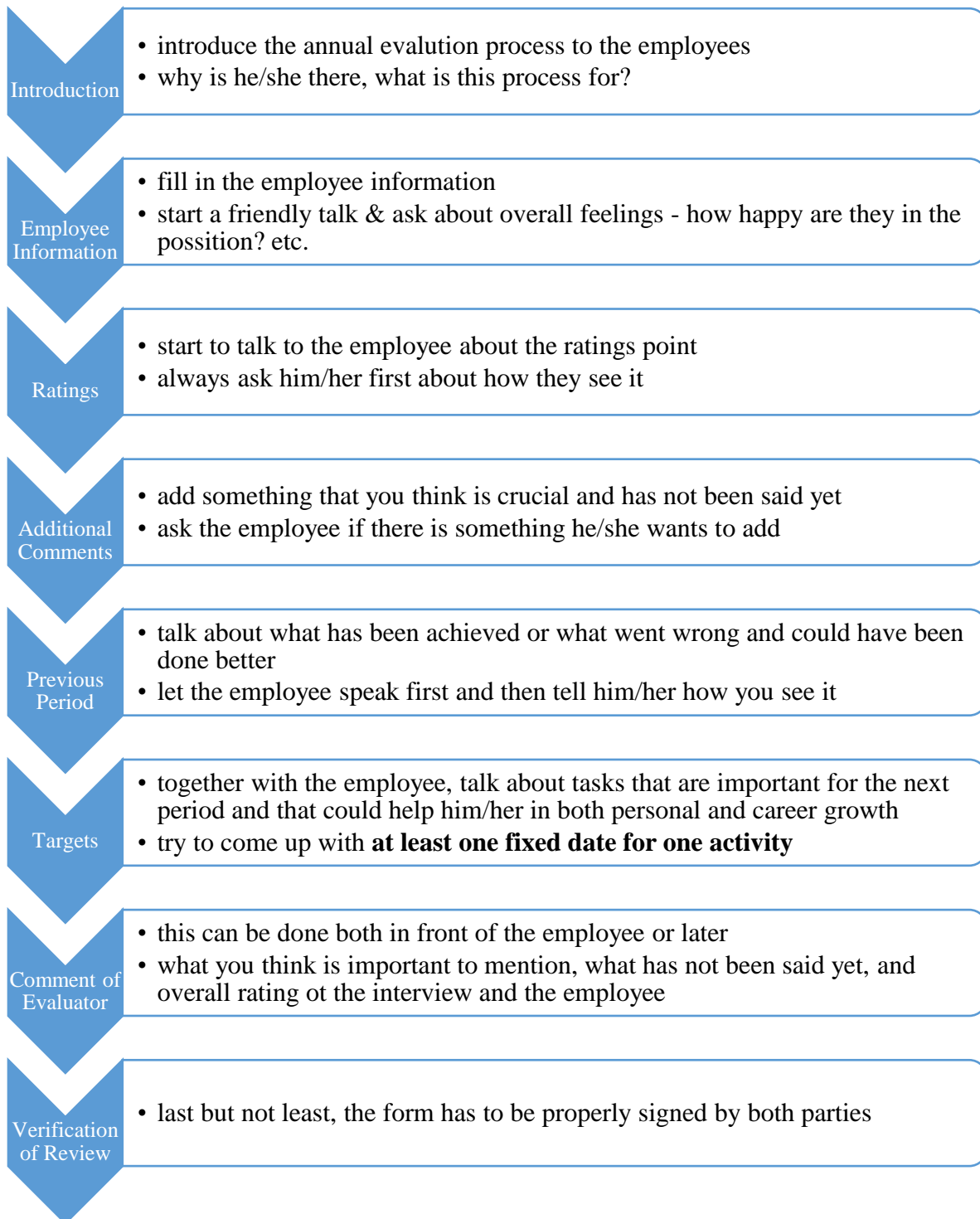
Appendix 3: Manual for managers for the evaluation process: How to use the questionnaire

| Highlights in the previous year period | | What could've been done better | |
|----------------------------------------|--|--------------------------------|--|
| Employee | | | |
| Manager | | | |

| TARGETS - Work tasks and personal development for next term | | Date: | |
|-------------------------------------------------------------|--|-------|--|
| | | | |
| Suggestions of Employee | | | |

| Comment of Evaluator | | | |
|----------------------|--|--|--|
| | | | |

| Verification of Review | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------|--|
| <p><i>By signing this form, you confirm that you have discussed this review in detail with your supervisor. Signing this form does not necessarily indicate that you agree with this evaluation.</i></p> | | | |
| Employee Signature | | Date | |
| Manager Signature | | Date | |





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