



Performance Management

Case Study #1 (LIT2018): Employee evaluation (Lithuania 2018)

Abstract

An organisation's success depends on the people working there, their competence, experience and other qualities. It motivates organisations to spend a lot more funds on employee management: special methods of employee search and selection are used, courses of different levels are organised for employees, modern systems of employee assessment and payment for work are introduced, individual plans for employee activity, education and careers are prepared. Development of human resources management is becoming a more relevant area in organisation management, not only in business, but also in the public sector, and the significance and importance of employee assessment for the results of a company are generally acknowledged.

Introduction to the Organisation

"Magrès Baldai" is a successfully growing family business established in Riešė, Vilnius region, in 1996. The company's team, which has more than 180 employees (in all the Lithuanian divisions), ensures a quality process of producing premium-class furniture. Their furniture is a modern classical design and they provide expert help to customers, who choose furniture in the salons of the furniture shops, operating in many towns of the country or online.

UAB "Magrès Baldai" does not have a separate employee management department. All the necessary activities related to employee organisation and management are carried out by the head of the customer service department, who also performs the role of employee manager.

HR Challenges

The main problem "Magrès Baldai" faces is trends of globalisation and demographic development. The highest managers (directors, assistants, bookkeepers) are representatives of X generation, they are an inexhaustible source of management talent and have accumulated much experience and knowledge of management. This organisation for them is the place where it is possible to learn new skills and to gain experience from the employees of Y generation, but sometimes representatives of X generation stick to a strong opinion and cannot find contact with the younger ones. The biggest difference between these generations in the company is that managers belonging to generation X aim at a result with no hurry, trying to do everything perfectly. Whereas, representatives of generation Y stand out with their lack of patience - for them, the result must be "here and now".

They are not the ones who work hard and consistently aim at a result. Quite a large part of the company employees representatives of generation Y (managers, sales consultants, designers, workshop workers). Namely these employees know how to do several tasks at once, they value a favourable atmosphere at work, and a job that gives them the opportunity to learn and to develop. Mostly



representatives of this generation communicate perfectly among themselves, find general solutions, but their quality of work often suffers from the specifics of the features of this generation's personality.

Literature Review

The formalised process of assessment should consist of three stages: preparation for assessment, carrying out an assessment and consolidation of the results of assessment. The first stage – preparation for assessment – includes:

Setting goals of assessment - R. Alonderienė and I. Bakanauskienė (2004) emphasise that it is necessary because the goals of assessment determine all further steps.

Criteria setting – this influences accuracy, objectiveness and usefulness of the system of assessment.

Assessment criteria are divided into (Puškorius, 2002, p.160):

- Quantitative, which show what is achieved (the amount of goods or services is indicated);
- Qualitative, which show how the services were provided, indicate their suitability, consumer satisfaction and conformity to the standards of services;
- Cost effectiveness, which describe the ratio between the achieved results and resources.

M. Armstrong (2000) makes the following recommendations for setting the criteria of performance assessment:

- assessment criteria should consider results, not efforts;
- results must fit the limits of an employee control;
- criteria must be objective and noticeable;
- information, necessary for the assessment of work results, must be approachable;
- if circumstances change, criteria must also be changed (Armstrong, 2000, p. 28).

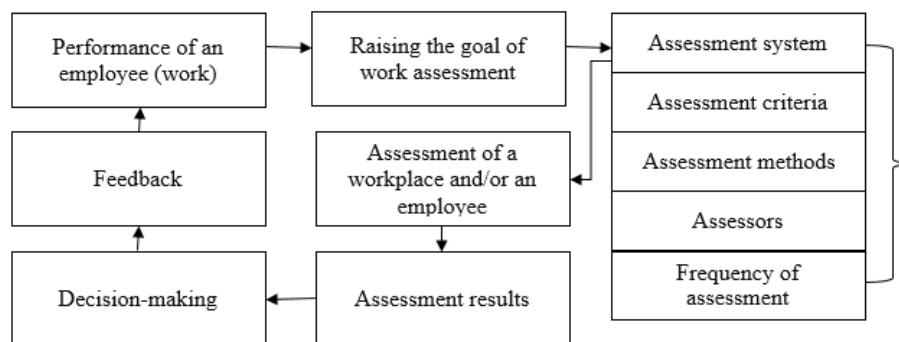


Figure 1 The process of performance assessment

Setting the frequency of assessment – it depends on the need, employment and other factors. Regular assessments are distinguished. They are carried out mostly once a year. Irregular assessments are carried out when there is a need (e.g. a vacant workplace occurs). However, it is agreed that assessment should be carried out periodically, because employees know when to expect an assessment, they can get ready, raise qualification on time if necessary, or perform unfinished tasks (Zakarevičius, 2003, p. 128).



Carrying out an assessment – in this stage the principles of assessment are discussed (dates of a formal interim assessment are set, as well as ways of providing a constant feedback), principles of documenting the performance of assessment are set out, assessors are handed out all the necessary material and means. The stage of carrying out an assessment finishes by an assessment interview. Its main emphasis is providing the employee with feedback (Alonderienė, Bakanauskienė, 2004, p. 28; Leonienė, 2001, p. 86).

Consolidation of assessment results. The purpose of this stage is to ensure the implementation of assessment goals. Based on the results of assessment, an individual learning plan for a certain person can be created (Schwarz, 2008, p.1; Alonderienė, Bakanauskienė, 2004, p. 30). Taking into account the assessment results, their wage should be adjusted, trends of work improvement should be indicated, and long-term plans for the future should be made.

Findings and Analysis

The system of performance assessment in the company has many problems and this, possibly, negatively affects employee motivation.

Statement	Percent
Performance assessment in my institution is right and clear	44
My promotion perspectives are related to the results of my performance assessment	53
The level of my wage is related to individual results of performance assessment	34
Before the start of assessment period, tasks of my performance are clearly agreed	37
Employee assessment criteria are clear and understandable	48
Your efforts and achieved results are assessed	48
Your knowledge, skills, competence and qualification are assessed	38
Advantages and disadvantages of your abilities are discussed with the manager	55
Qualification raising, learning plans are made in accordance with the lack of your abilities	48
The most deserved employees get the best evaluation	35
Single money allowances are paid for exceptional works	11

Table 2 Employee attitude to performance assessment

When generalising the answers to the presented statements, a conclusion can be made that employees see the problems of clarity, clearness, and assessment in the assessment system of employees.

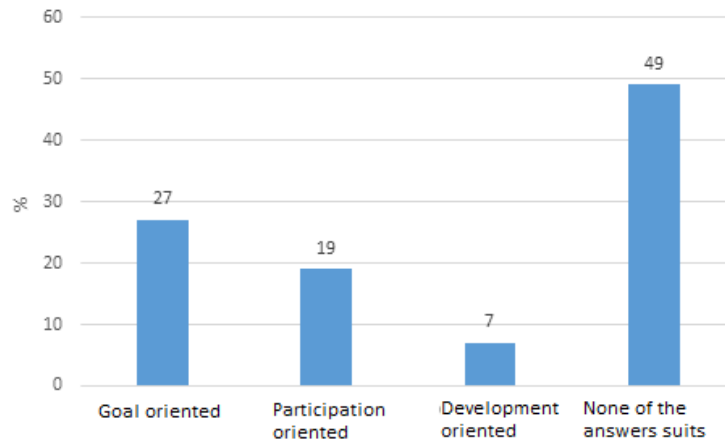


Figure 3 Reference trend of the process of performance assessment

Performance assessment should be oriented towards goals, participation and development. Even 48 percent of employees think that performance assessment in their organisation does not conform to any of the presented criteria. 27 percent of the respondents say that performance assessment is oriented towards goals, i.e. are based on performance results instead of personality features.

19 percent of respondents notice elements of orientation towards participation in performance assessment, i.e. a subordinate is involved in the assessment of results. Only 7 percent of respondents think that performance assessment is oriented towards development, i.e. improve working activity, help to determine the necessity of learning or other support.

Both managers and employees named hard-work and attitude to work (88% and 82% respectively) and work quality (88% and 79% respectively) as the most important criteria of employee assessment. Managers put the remaining criteria in the following order: responsibility (75%), speed of work (63%), behaviour with managers (50%). Speed of work (56%) and responsibility (56%) seemed important to employees as well. Speciality knowledge seem the least important criteria to both managers and employees.

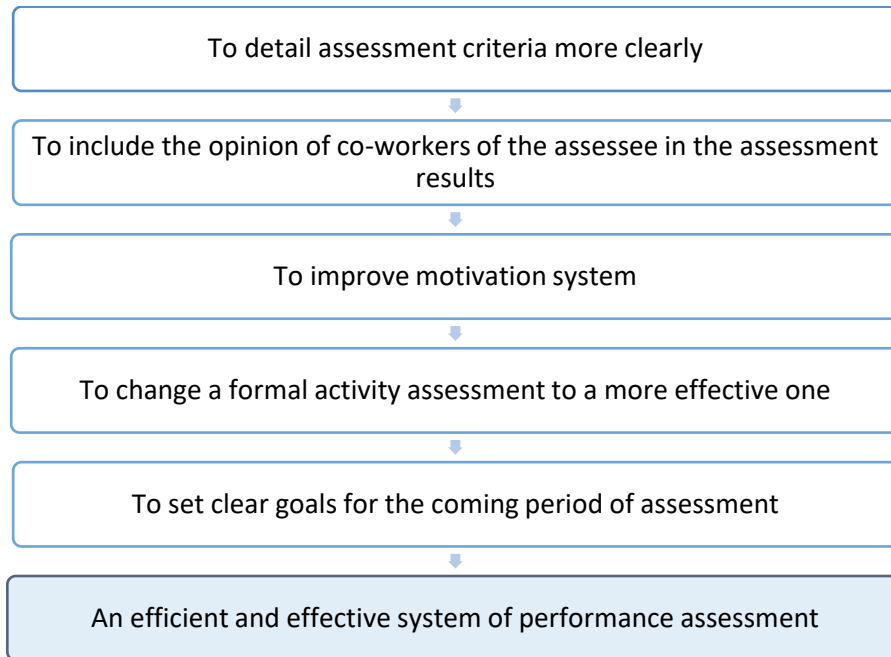
Company employees usually choose the following methods of assessment: an interview or a questionnaire. An assessment interview is the most popular method among employees. This method is quite universal and is used in order to review the results of annual working activity, to find out the strong and weak qualities of employees, to determine the need for raising qualifications and a plan of development. A questionnaire method is also popular among respondents. It helps to easily determine the strong and weak qualities of employees and to compare them.

Practical Human Resource Management Tool

Improvement of employee performance assessment. Assessment goals must be formulated in such a way that they reveal their benefit to the organisation and its employees. Since assessment activity aims to control employees, the process itself may cause them fear and stress. In order to avoid this, it is necessary to emphasise its benefit to them – to ensure that a positive assessment can influence their promotion or an increase in salary. It is suggested that UAB “Magrès Baldai” chooses to carry out methods of individual assessments, because these enable the performance assessment of an



employee irrespective of how other employees work. This is because the performance of the assessed employee is compared to the defined standards of performance and not to the performance of other employees. The most popular methods of individual assessment, which are offered by various authors, scientists and which could be applied by the furniture company UAB “Magrès Baldai” are an essay (writing), control list, or compulsory choice.



Conclusion

There is quite a number of problems in the system of company performance assessment, and this possibly negatively affects employee motivation. Employees of the company are not informed of the advantages and disadvantages of their activity. And this is important because when you do not know your mistakes, you do not have an opportunity to work more effectively or to make plans for improvement. This research also revealed the problem of motivation in the organisation. Only a small number of employees are additionally motivated by special activity. Thus, a conclusion could be drawn that employees feel a lack of motivation for their efforts and do not tend to try. Employees see clarity of assessment and other problems. Therefore, personnel specialists who are responsible for employee performance assessment, should not only have formal assessment, but also an informal one (through talking, discussing, and observing the employee). This would enable the strong sides of an employee and his/her abilities to be revealed. When assessing employees, it is important to set clear assessment criteria, which, according to both employees and managers, should include: hard-work, attitude to work and work quality.



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