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ANALYSIS OF ASSESSMENT PROCESS IN A CHOSEN INTERNATIONAL COMPANY

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Content

List of used symbols and abbreviations

HRM   Human Resource Management

SWOT   Strengths, Weaknesses, Opportunities, Threats

SMART   Specific, Measuarable, Agreed, Realistic, Time-related

KPI   Key Performance Indicators

IT   Information Technology

Introduction

The success of the company depends on its employees, their efficiency, qualification and the performance rate. To keep these factors on a high level, the company should pay attention to the management of human resources, especially, to the performance management of the employees. With the structured assessment process and clear goals, subordinates can achieve better results, and company, at the same time can be more competitive.

The aim of this thesis is to analyse the effectiveness of the existing annual assessment process in the chosen international automotive company and based on the research to propose recommendations to improve the influence of this system on the employee's performance.

The work is divided into two parts: theoretical and practical. The theoretical part includes a definition of the Human resource management and description of aims and components of Performance management. Moreover, it includes an explanation of such parts of management of human resources and such essential parts of the assessment process in the company, as Learning and Development and Reward Management. Finally, there is a detail description of the Performance assessment methods: Overall Assessment, Rating and Visual Assessment.

The practical part consists of the brief explanation of the company and its history and also the description of the current assessment system in this organisation. Furthermore, there is a description of the conducted research, its methods and sample of respondents and also the results of the survey. At the end of this section there is a proposal and recommendations that are oriented on the improvement of the performance of employees and thus of the company's performance.

1 Theoretical Part

The theoretical part includes the theoretical bases of Human Resource Management (HRM). HRM is a complex and systematic approach of an organization designed to improve and maximize the performance of employees according to the company's strategic objectives.

1.1 Human Resource Management

The approach of organization to business is mainly based on the expectations that successful outcome will be a result of effective Human Resource Management. "Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a high commitment and capable workforce using an array of cultural, structural and personnel techniques". (Storey, 2007, p.7). It is also a group of activities which, first of all enables employees and the organization, which applies skills of subordinates, to achieve the agreement regarding the nature and objectives of their relationships at work, and secondly, it ensure the fulfilment of agreement. (Torrington, Hall and Taylor, 2002, p.13) At the same time, Bratton and Gold proposed the following definition: "HRM is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices". (Bratton and Gold, 2007).

1.2 Performance Management

Performance management represents an important part of human resource management. The understanding of the Performance management should be based on the clarity of Performance. As was stated by Brumbach (1988; 387): "Performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results."

The Performance management can be defined in several ways. First of all, it is a systematic approach of improving the performance of organization by developing the performance of teams and individuals. It is a tool of achieving better outcomes from the organization, individuals and teams by comprehension and managing the performance, considering the agreed framework of set goals, standards and requirements of competence. Such approaches are used for common understanding of what should be achieved, and for developing and managing employees, aiming to increase that the target will be achieved. (Armstrong, 2015).

J. Lockett (1992) defined Performance management as: "The development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement". It can be understood from the opposite way, as Cappelli (2008: 196) stated: "When employees fail in their jobs, part of the organization also fails". Performance management is aimed to reduce or even eliminate this possibility. Another way of defining Performance management was proposed by Walters (1995): "Directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization".

1.2.1 Aims of Performance Management

The performance management is mainly aimed to the building of a high-performance culture, according to which individuals as well as teams of workers take authority to continuously improve business processes, personal skills and general contributions within a framework, prescribed by the current leadership. (Armstrong, 2015) It is argued that clearly set objectives is a key in providing the employees with understanding of the order of priorities and what they are expected to do. (Torrington, 2014) It also provides with the defined and agreed expectations in terms of role responsibilities, accountabilities, skills and behaviour. The world-known company Marks & Spencer, Financial Services considers the aim of performance management as following: "All individuals being clear about what they need to achieve and expected standards, and how that contributes to the overall success of the organization; receiving regular, fair, accurate feedback and coaching to stretch and motivate them to achieve their best". The purpose of performance management is to increase the potential of people and teams to

benefit themselves and the company as a whole, concentrating on achievement of their goals.

1.2.2 Performance Management Cycle

Probably, one of the most meaningful characteristics of performance management is the continuity of this process that reflects normal management practices of setting goals, completing, monitoring and evaluating performance and taking appropriate actions. Performance management should not be considered as some special procedure that is needed to be done. It should rather be used as a usual function that all the successful managers accomplish. (Armstrong, 2014, 338) The natural cycle of performance management consists of four steps: Planning, Acting, Monitoring and Reviewing.

The first step of the cycle is Performance planning and it is based on the agreement of performance. In role profiles there should be defined the expectations that specify main result areas; what knowledge, skills and abilities are needed to perform well. The critical aspect that needs to be considered in the performance planning is the process of adjusting goals of individuals with the strategic organizational goals. It is helpful for both, the individual and organization if objectives are set according to the priority. It is known that the good objective needs to be SMART: Specific, Measurable, Agreed, Realistic and Time-related. The performance agreement is reached at the first step by discussing the ways of measuring the future performance and identifying evidence, according to which the achieved level of competency will be evaluated. It is essential to clearly identify these measures and evidence requirement and agree on them at the beginning, because individuals, as well as managers will use them to monitor their accomplishments. It is also important to convince stuff in such way of thinking that their personal tasks contribute to the organizational objectives and team as a whole for the effective performance management process. (Torrington, 2005) The Agreement can also include a personal development planning that is supported with a learning action plan, which workers should follow with the managerial and organizational support. Such action plan can include different learning and development activities, like self-managed learning, mentoring, coaching and e-learning. (Armstrong, 2014)

After the performance plan is agreed, there is an Action step. Action by employees means that they operate their own performance according to the regulations set either by their manager or a team leader. They are required to meet the objectives of their roles as it is defined at the stage of planning in the way of describing key competency requirements, action plans, future goals and the main result areas. (Armstrong, 2015)

The third step is monitoring of performance, in other words, managing the performance of employee throughout the year. By monitoring, the manager provides the appropriate feedback of a good performance immediately straight after the occurrence of an event, rather than save it up for a time, until the official yearly performance session. It also supported with the update of targets, and continuous development and learning with on-the-job or off-the-job consulting. It is also required to manage underperformers in right time in order to implement the improvements.

Finally, the cycle finishes with the joint analysis of performance – Reviewing. Regardless of continuity of performance management process, it is still valuable to conduct a formal review one or two times a year. A performance review gives an employer the main point for the discussion of key performance, as well as development issues, and it results in to the completion of cycle of managing performance by giving the base for updating the agreed performance goals. The performance review meeting provides with the information regarding the key issues of performance and development. Through this meeting, the five main performance management elements, such as agreement, measurement, providing feedback, positive support and productive dialog can be perfectly used. The review should be aimed at the reality of performance of each individual. It allows managers and employees to decide together, how to improve future performance and how to solve issues in meeting the objectives and performance standards. (Armstrong, 2014) Performance reviews can be performed by a manager with a subordinate on a one-to-one meeting and the outcomes are recorded on a special form for performance management. (Armstrong, 2015)

1.3   Learning and Development

Employees with high and applicable levels of knowledge, skills and qualification are the most demanded resource by the organisation. The steps of achieving requirements should be based on the understanding of the strategic direction of the company and also support to meet its objectives. However, the employer also needs to consider requirements of workers regarding their development and professional growth. In this case, the organisation is becoming a more accomplishing and thus more attractive place for work.

Learning and development can be defined as a system of assuring that the company has skilled, knowledgeable and involved employees it needs. (Armstrong, 2015) Learning and development of staff members help to make sure that people in the company obtain and develop the knowledge, competencies and skills that are required to carry out their work in an effective way and advance the career for their own advantage and for the benefit of the company. (Armstrong, 2005)

In order to increase the productivity and effectiveness of the training and development of employees, it is important two follow four phases of training program. The organisation of training usually starts assessment of needs. Managers analyse and identify a particular jobs, employees and departments which requires training. For this purpose, they use the job analysis and measurements of performance. The second phase includes the design of development activity. Development aims and content are set according to needs assessment. Phase three covers the decision-making regarding the methods and location of training – whether it will be on-the-job or off-the-job activity. The generally known training methods are lectures, business simulation, role-playing, modelling a behaviour by watching particular videos and imitating what was detected, also there are conferences and practices in a work environment which is simulated from original one. The development method should be suited to targets, set in the second phase. Finally, in the phase four the conducted training should be evaluated from the effectiveness point of view. This assessment involves trainee reaction, evaluated through surveys, level of learning, the rate of behaviour improvement on the job and the achieved results, such as reduction of defect rates after the completing the development program. (Bateman, 2015)

There are different approaches for analysis of needs, but there exist two traditional and generally respected ways. The first one is a problem-centred approach and the second one is about the aligning of the job done by a person with its competency profile. (Torrington, 2005) The problem-centred approach is focused on any kind of performance difficulties and problems and identifying the reasons due to which the problems occurred. While the profile comparison approach considers a much broader view on the performance and it is probably the most useful in terms of newcomers. This approach is also useful since the strategic priorities can be changed and thus new skill are required of workers, because the nature of tasks changes; besides they keep their role and the same job title. Once a gap is identified, using any approach, the required development should be formulated in terms of learning goals, before the next step of designing and planning the development. it is important to clearly set the learning objectives according to the activity that the employee will be expected to perform as the learning is completed. (Torrington, 2005)

The planning and design of development and learning will be affected not only by the set objectives, but also by the Human Resource development strategy which for instance can include a focus on approaches like e-learning, self-development and social media learning. When the planning and design are specified, the employee can start either course or e-learning or coaching activity. Moreover, they should be constantly monitored and then evaluated in the future to analyse how performance and behaviour have developed. (Torrington, 2005)

1.3.1 Methods of Learning and Development

Learning and development activities can be undertaken through two generally known methods: either on-the-job or off-the job. Off-the-job method includes educational and training courses. Mostly these educational courses are completed in a period of career development and they are usually provided with special certificates and diplomas. The outcomes of such education are valuable for participant of the course, as well as for his employer. Moreover, there are half-day or weeks length consultancy courses, which are delivered by consultants or professionals. During training courses people from different occupational background are brought together for particular tasks and it helps to share the experience among all members of the course. However, quite often they are

superficial and relatively expensive. Additionally, there are outdoor courses, in which people can develop skills of co-working, increase self-confidence and self-awareness through various exercises and physical challenges. Nevertheless, off-job courses and activities can hardly ensure the effectiveness of transfer of learned skills back to the job. (Armstrong, 2005)

On the other hand, on-the-job activities are considered to be more efficient. There are several types of courses. For example, one of the common is coaching and teaching, through which a superior develops the subordinate delegating tasks, giving the opportunity to operate them, asking and searching questions. The coach usually helps with acting listening, counselling and providing with the feedback and "inside" information. Also, many organizations use Mentoring to improve the performance of their employees. Kram (1983) determined two main function of mentoring. The first one is a career function, which includes those forms of relationships that improve career advancement. The second function is responsible for those aspects of relationships that mainly develop the competence, identity and clarity of the managerial role. Thirdly, there is peer relations development. It supports the relationships of co-workers with newcomers, with the sharing of information, giving feedback and career strategizing. (Kram and Isabella, 1985). Also, there are many other ways of developing employees on-the-job, such as action learning, self-development, learning logs and others.

1.3.2 Evaluation of Learning and Development

Evaluation of learning or training is straightforward in case of the clear to see output, like the increase of typing speed or the reduction of errors in dispatch in warehouse. It is far more difficult to estimate the outcome of a management training course or social skills development programme; nevertheless, it is important to be done.

Post-course questionnaire is one of the known methods of evaluation, which is completed on the final day of course by the participants. By answering uncertain questions, they evaluate all aspects of the course using the general terms like

"outstanding", "very good" or "good". Such questionnaire is expected to estimate the course itself, not the obtained learning, providing the attendee with the

opportunity to assess the quality of trainers and tutors and the visual materials, rather to be directly examined the acquired knowledge.

Hamblin (1974) determined five levels of learning evaluation: 1 - general evaluation of the training; 2 - evaluation of the learning itself, regarding how it influenced his or her behaviour; 3 - evaluation of changes in performance; 4 - evaluation of changes in performance of organisation; and 5 - evaluation of the wider contribution of the organisation. Although companies may expect a measure of the influence of training and development on the organisation, in fact it appears to be hardly achieved. For instance, Sadler-Smith (1999) studied that the purpose for the training evaluations were mostly operational rather than strategic, and it was stated that information gathered in evaluation was used for giving feedback to employees and the informing the training process and lees to analyse the return on investment.

1.4 Reward Management

Reward strategy represents the plans of organization regarding the reward for the following year and how it intends to manage it. It contributes to the reward system development that contain the interconnected processes and practices that are combined ensure the effectiveness of the reward management for the organisation as well as for its employees. It is called strategic reward. In other words, it is an approach which is based on the convictions of the integration of reward strategy and business strategy and of the necessity of the forward looking – planning ahead and implementing the plan. The reward system is directed by the business strategy, which, at the same time, directs the reward strategy. The main components of the system are financial and non-financial rewards and together they constitute the total reward system. The results of performance management are significant in considering non-financial rewards and can contribute the payment decisions, which will then influence the performance levels. (Armstrong, 2014)

1.4.1 Financial Rewards

Financial rewards include job-based pay and person-based pay. The job-based pay provides pay which is related to the value of the performed job, person-based provides such rewards that recognize the contribution of each individual. Benefits,

pensions and financial recognition system of employees are also included in financial rewards. Armstrong defined three job and person-based pay components.

"The management of job and person-based pay involves:

- Pay determination – making decisions on the value of jobs by means of market pricing and job evaluation.

- Base pay management – developing and operating pay structures that group jobs into grades, bands or levels in accordance with internal and external relativities and usually provide for pay progression.

- Contingent pay – planning and managing schemes that provide for pay progression related to performance, contribution, competence, skill or length of service." (Armstrong, p. 364, 2014)

1.4.2 Non-financial Rewards

Non-financial rewards concentrate on the needs of employees for their recognition, personal growth, achievement and acceptable conditions at work. They involve the non-financial recognition of attainments, the design of accomplished jobs, providing employees with the capability to develop their professional skills and careers and offering such work environment that contributes to a high-quality working life and also appropriate correlation of private life and work, in other words, to maintain the suitable work-life balance. A non-monetary reward can be both, extrinsic, providing recognition or praise, and intrinsic, increasing the interest, job challenge and the importance of the work. (Armstrong, 2014)

1.4.2 Total Rewards

Total rewards are combining financial and non-financial rewards applicable to employees. Different aspects of reward, including base pay, as well as contingent pay, benefits for the employee and non-monetary rewards, which cover intrinsic reward from the performance itself. All these parts of reward are linked together and used as a coherent and integrated unit.

The idea of total rewards describes the reward management approach that underlines the necessity of consideration of all aspects of value of work

experience, not just a pay and benefits for employee. It is targeted to combine financial and non-financial components of reward into an organic whole. A total reward concept acknowledges that it is required to get the right financial rewards. However, it also appreciates the significance of providing employees with the experience of reward that result from the job they perform and how do they manage it and the capability for the skills and career development. Finally, it contributes to the development of a proposition of employee value that gives a clear and irrefutable reason for the employment of talented people. (Armstrong, 2014)

The performance management play an important role in a reward system. It makes a contribution to the improvement of performance through providing the employees a recognition, influencing the design of job in case of reviewing responsibilities, setting up the plans of personal development and, if applicable, informing about pay decisions.

1.5   Performance Assessment

Usually performance management systems include an assessment part, which is mostly taking place after or during a performance review meeting. It can be carried out through the overall assessment, rating or using visual assessment.

1.5.1 Overall Assessment

Overall assessment is used to analyse the performance considering the previous agreements. As a result of such assessment, managers should reach an understanding with each subordinate, which will provide workers with the clarity of their efficiency. The analysis can also identify those, who are failing to achieve the set standards. An overall assessment should be recorded in a description form, including the summary of opinion regarding the achieved performance, this will ensure that the manager took some time and collect his or her thoughts together to put them down in the form. The weak part of any assessment is that people can be evaluated at either extreme (top-performed and inadequately-performed), but cannot actually describe the real performance, lying between these two extremes. The only way to really evaluate the outcome is to provide employees with the detailed comment to their results, for example the manager can inform subordinate that he or she performed not at the way that was expected, and they need to

decide what should be done about it. Other employees can be told that that they have done their job perfectly and they can discuss what learning activity are needed to make their efficiency even better. Another problem that could be faced during the overall assessment is that it is very cursory and general, that is why many systems use rating.

1.5.2 Rating

Rating provides the estimator with the scale, which summarizes his or her views on the level of particular performance achieved. Such rating scale is expected to help in making judgments and also enable these judgments to be classified in order to constantly receive an instant summary to be recorded regarding the performance of employees.

Rating scales can be set according to the alphabet (a, b, c, etc.), or in numerical order (1, 2, 3, etc.). Also, some rating systems use initials, like ex for excellent, in an effort to disguise the hierarchical type of scale. The numerical and alphabetical points of scale can be described in a different way, for example, a may be defined as excellent, b – as good, c = satisfactory and d - as unsatisfactory. Furthermore, "scale levels may be described verbally, as in the following example:

- Exceptional performance: exceeds expectations and consistently makes an outstanding contribution that significantly extends the impact and influence of the role.

- Well-balanced performance: meets objectives and requirements of the role, consistently performs in a thoroughly proficient manner.

- Barely effective performance: does not meet all objectives or role requirements of the role; significant performance improvements are needed.

- Unacceptable performance: fails to meet most objectives or requirements of the role; shows a lack of commitment to performance improvement or a lack of ability, which has been discussed prior to the performance review." (Armstrong, 2006, p. 340)

The main issue of the rating scales is that usually they are subjective and it can be difficult to achieve consistency between the results of rating among the managers. Even if managers achieve the objectivity, the sum up of the total performance of

employee is a gross simplification of the complex set of different factors that are influencing the performance.

1.5.3 Visual Assessment

The alternative to rating is Visual assessment. It is based on the agreement between the employer and subordinate on where he or she should be located on the matrix, according to the results. For example, this grid (Figure 1), represents the relation of behaviour style, or inputs, and business performance of employee, meaning outputs and results, while managing tasks. In each sector there described the details of performance. The employee can achieve the objective, using an effective behavioural style but at the same time can have poor business performance, or, in contrast, can have good business results, however he or she need to work on the behavioural style. Moreover, the employee can be an excellent performer and have high results on both, style and business performance, or in the contrary can have problems in both of parameters. The Manager can put a subordinate to one of four sectors according to the delivery and behaviour style. Thus, overall contribution of individual demonstrated visually, that provides more clear picture for analysis and discussion, rather than rating assessment.
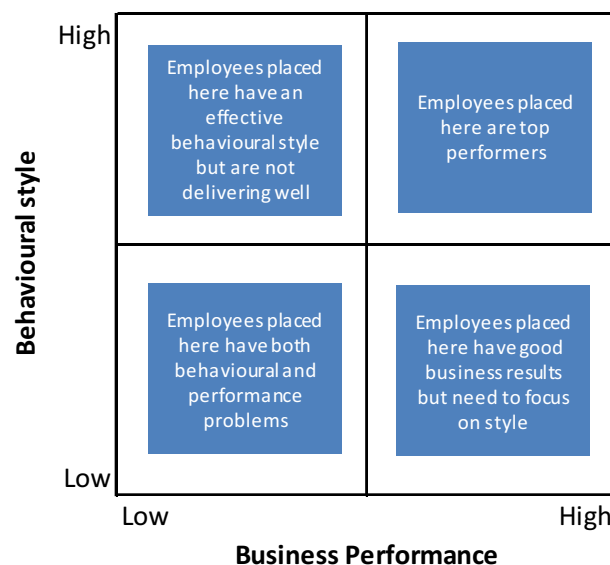
Source: Armstrong 's Handbook of Human Resource Management Practice, 2014, p. 342

Pic. 1 Visual Performance Assessment Matrix

2   Description of the current assessment process in the company

This chapter consists of a brief history of the chosen international company and a detail description of its assessment process that is carried out throughout the year. The process consists of four major parts, namely, Performance Management, People Review, Salary Review and Bonus Payment, and Learning. It is a systematic procedure, in which all four components are connected and depends on each other, however the first part – Performance Management – is crucial, because the whole system is based on it.

2.1   About the company

All the details about the company's documents, systems and employees are confidential; therefore, the company's name will not be used and will be replaced by the fictive name XYZ Ltd.

The XYZ Ltd is an international organization which was founded in 1863 in France. Nowadays XYZ is on a leading position in the market of manufacturers of automobile components. The portfolio of the company products includes acoustics products and systems and textile and seat components. The last one consists of such interior elements, as seats, headrests and armrests. The company employs about 7000 people and has more than 40 manufacturing facilities in over 20 countries globally; it makes it the international supplier to the well-known automotive groups, like Volkswagen Group, Toyota, PSA Peugeot Citroën and Renault-Nissan Alliance.

In the year 2005 XYZ founded the facility in Slovakia. The main customers of this company are other suppliers of automobile components – Faurecia, Lear and Johnson Controls - and also automobile manufacturers. All the produced products are designed (intended) to the final customer – automobile producer, for this particular plant the final customers are Nissan, Citroen, Suzuki and BMW. Today the facility in Slovakia employs about 350 employees, including 8 functional managers.

2.2   Assessment Process in a chosen international company

Company has developed this systematic approach in order to evaluate and manage the performance of each employee and the company as a whole and to identify the possible potential of workers and to develop it within the organization. The system covers all the manufacturing facilities; it provides a full understanding of the company's performance during the year and the ways of improvement its capability. However, this particular system is oriented only for the main employees, or stuff, and does not include the evaluation of the production operators, because with their high fluctuation it would be difficult to trace the tendency each year. During the year the information about all the members of staff is collected and uploaded to the Group system, where the overview information can be seen. It shows the general performance of the company and gives a summary about all workers, their level of fulfilment the target and the number of employees with the potential to be developed.

Assessment process in this company consists of four parts: Performance Management, People Review, Salary Review and Bonus Payment, and Learning. It begins with the interview in order to analyse and evaluate the employee's results and achievements, on which the further cycle will be based.

2.2.1 Performance Management

Performance Management step has a hierarchical sequence of analysis in the company. The evaluation cycle starts with the interview of General Director (COO) of the organization with the Plant Managers of all manufacturing facilities in the Group at the beginning of the year. After that, Plant Managers conduct the interview with each Top Manager on the site and they, in turn, evaluate their subordinates according to the same Development and appraisal interview form, as the previous participants. Some employees have two superiors: Operational Manager (within the plant) and Functional Manager (within the Group). In this case, the employee's Operational and Functional Managers are jointly responsible for the set-up objectives and the appraisal of the employee's performance.

Development and appraisal Interview form is systematized and divided on three parts. The first part of the questionnaire includes the general information about the employee, such as the personal data, the information about the position, discipline

and department. Also, it describes seniority in position and within the company that indicates the start date of his or her service in a current position or within the company. Moreover, in this part of the interview the information about the professional qualification, completed training and held position is discussed.

After the general information is fulfilled, superior and subordinate evaluate the achievement of the earlier targets. In the second part - Previous year's performance and skills assessment - they review the objectives set at the last Appraisal and compare the specific (qualitative and/or qualitative) indicators with the real achievements. Based on the comparison the superior evaluates the employee's performance according to the given scale: N/A – the objective was cancelled for business during the year; 1 – the objective has not been achieved (less than 50% of the target); 2 – the objective has been partially achieved (50% or more of the target); 3 – the objective has been fully achieved.

The Previous year's objectives evaluation continues with the assessment of skills. It provides with the information about the employee's compliance to the Group's values, regarding the Teamwork (internal and global), International Mind-set, Thinking out of the box, etc. These skills are measured using the similar scale, but with the different meaning, from the Not Required (N/A) and Does not demonstrate the given scale (1), to the demonstration of the value steadily (3).

Then, the technical skills are evaluated. In this section, the main skills required for the job are listed and compared to the expected level, according to the 4-level scale: 1 – the skill was not demonstrated; 2 – the Employee needs support with this skill; 3 – the Employee autonomously masters all the actions, that require this skill; 4 – the Employee can train colleagues on this skill. A Manager also needs to list all the languages which the Employee masters on a working proficiency level. In addition, previously planned trainings and other actions are evaluated using the same scale. Finally, there in the field of overall assessment, Employee and both, Operational and Functional Managers write down their comments regarding the evaluation of the previous year's performance.

In all the parts of the assessment, there is a room for discussion between Manager and his or her Subordinate, concerning the results and the reasons of incomplete

fulfilment. This makes the evaluation process clear and fair for both parties of the interview.

All parts of the evaluation should be commented and clarified. The Operational Manager must ensure the comments of the Functional Manager are related in the appraisal. The employee has a possibility to provide a feedback and give remarks on the evaluation conducted by the Manager.

The last part of the development and appraisal interview is Setting the objectives for the year to come. On this step the manager, together with the employee, are discussing following targets to be achieved. There targets must be ambitious, but, at the same time, realistic to enhance motivation and progress of the worker. They also must be linked to the business objectives of the organization and should be specific to the employee for the next year. Moreover, the yearly objectives should not describe general and everyday tasks of the position and need to be SMART, in other words they should be Specific, Measurable, Agreed, Realistic and Time-related. According to the system, there must be up to 5 objectives per year. In case of the complex objective, it can be divided on several smaller tasks. However, all the objectives are equal by value, and regardless which two of them are accomplished, the overall assessment score will be "partially achieved". After that, the relevant criteria and analysis of performance measurement should be discussed and set, this will allow to evaluate the level of fulfilment more precisely. Last but not least step in the setting of professional targets for the next year is to arrange the deadline for the agreed objectives. This date should be no later than 31st of December of the following year.

During the yearly appraisal interview of the chosen company managers need not only to set the professional tasks, but also they need to agree the Skills and career development Objectives. First of all, the manager put down the skills that were partially demonstrated during the previous year or was not demonstrated at all, and thus, according to the valuation scale, were marked as (2) or (1) in the first part of the Development and Appraisal interview. Those skills are set to be developed as a priority. Then, the employee's future career development goals are clarified. For example, these goals can be to maintain and to develop the professional skills of the current position, or to switch to another discipline and master new proficiency, etc. The career development plan and other areas of

improvement, seen by the manager, should be provided with relevant comment and his advice regarding the completion of task and the deadline for it.

After the career development is discussed, the manager and his subordinate continue with the training needs. Based on the overall performance, next year's objectives and career goals, the development action plan is proposed. These can be any kind of training, workshop or learning. The employee and his subordinate should agree on the specific development action, its outcome and the deadline for completion.

Finally, when all the aspects of Development and Appraisal are discussed and agreed, the Employer, respected by the Operational, Functional and Human Resource Managers can express their opinion regarding the meeting in the comment box. At the same time, the Employee's point of view can differ and he or she can also comment on the conversation. After that, both parties are signing the Appraisal to confirm the understanding of all the information, which it contains. However, the act of signing does not necessarily mean that the Employee agrees with the results of assessment, done by his Manager, but he or she is aware and of the evaluation and of that the appraisal clearly reflects the conversation that has taken place. In case of disagreement during the evaluation, the employee has an opportunity to ask for another assessment to be carried out by a Manager of higher level.

When this procedure is completed with all the employees of the manufacturing facilities in the Group, the results are uploaded to the general system. Since the assessment form is similar to all the employees, the Head Office receives clear results of the Development and Appraisal interviews. This provides with the opportunity to see the overall performance of the company itself and to analyse, how each plant is managing the set objectives during the year and what learning and development needed.

2.2.2 People Review

After the performance management of individuals is conducted, there is a performance management of the company as a whole, which is held in March. The People review includes the presentation, prepared by the HR and Plant Managers and the discussion of the results with the Group, based on it.

This presentation is aimed to describe the current situation and internal information of the company. It begins with the brief explanation of the actual processes in the company, the main activity and targets. Then, based on the information, provided by the Plant manager, the expected development is described. Also, on this step it is important to show the plan for the following 3 years, including the data about the changes in stuff, for example, how much and which employees should be hired. After that, there presented the quantitative information about the number of workers, their age, and the ratio of male and female stuff. Furthermore, in the presentation provides the Group with the detailed information about the company structure, where can be found all the managers and their possible successors, either for now or in the period of three years. This structure is very important and helpful for planning the future actions regarding the personnel. To make it clear, it can support managers in developing the learning program for successor, if needed, or to find the right person for substitution, in case it was not found yet. Then, both HR and Plant managers present the overall people review of the plant, its general performance and results. Finally, there is a SWOT analysis of the company and its employees, based on which the new challenges, targets and future actions are developed and proposed to the Group.

2.2.3 Salary Review

When all the evaluation procedures are completed, the rewarding is discussed. The Salary Review is the next step of the Assessment Process in the chosen international company. Usually, this process takes place in July, in case another date is not agreed. The Salary Review is a standard procedure of revision of employees' remuneration, aiming to accomplish three main objectives: the recognition of individual performance, the retention of key employees and the support of alignment with the market. It is based on the individual review of performance and skills that is received from the Performance Management Appraisal and People Review.

When all the results of performance assessment are uploaded to the general system, it automatically defines best performed employees with the highest potential to growth within the company. For those most successful workers, the Plant manager consider the salary increase and propose it to the Group HR manager, who will make the final decision about the reward.

Besides the performance outcomes, the calculation of Salary increase considers the overall situation on a labour market, inflation rate and the approved budget. There can be only one person in each department who is supposed to get the reward.

2.2.4 Learning

In order to develop the employee's skills efficiently, the Learning step is based on three documents. First of all, the training needs are identified at the moment of hiring the worker. In the Job Description there are listed skills and qualification, required on each particular position and in case of inability to manage some of them, the training is organized. Secondly, during the first month of work the manger is filling out the Integration list for each subordinate, by checking the accomplishment of the needed qualification. Finally, by reviewing the latest results of the Performance Management Assessment, the Manager decides, which development and learning is essential for his employees, to improve their effectiveness on the working position. Considering all the listed needs, the further additional learning is formulated. For this purpose, the company has developed four steps, supported with four forms, to make the process clear and systematic.

Firstly, the Manager is filling the Identification of Needs for Training form, where he or she lists the employees of the department, which are supposed to be trained or certified, and the detailed information about the claim. This can be Objective for the employee "To be able to…", by developing some skills or the Document, confirming delivery of certification, for prescribed by legislation trainings. Then, the employer should choose a particular course or training organization, which can provide the required support and should set the preferred period of time, in which the learning should be conducted. After the description of training or skill to be developed, the Manager needs to set the priority for each request, in order to make the Learning step of the People Review Process effective. The training need can be Desirable and can be fulfilled later, Important, to be fulfilled in the nearest future, or Indispensable, essential to manage the working tasks. There can be set a category of development: it can be either an improvement for the present position, or it is a requirement for the future career.

When the training is organized, according to the request of Manager, employee must participate in it. Before the second form was implemented, workers did not attend the courses regularly, because of overload of tasks and lack of motivation to do so. With the Training Attendance Sheet, the participation is better stimulated and, on the other hand, the employees can manage their time efficiently, to fulfil the working tasks and to conduct the training.

The third form is filled out by the trainee. During the development course the employee can evaluate and comment on the Preparation and Notification before the training, how the targets are set and defined, and how the basic information regarding the beginning of the course was delivered. Also, the trainee can assess the atmosphere and composition of the group, and the material organization, including the equipment, catering and total quality of the company. Then, it is important to know the trainee's opinion about the training construction, the content and duration of education, methods and tools that were used to deliver the information, and also about the quality of the prepared materials and handouts. In addition, there is an opportunity to evaluate and comment on the trainer himself, according to his knowledge of the subject and the delivery of material, like speech clarity, listening and presentation skills. It is also essential to understand the employee's satisfaction after the completing of course. He or she can evaluate the practical tools contribution at work and the influence on already existing working methods. Also, depending on how the material was delivered, the employee can evaluate the possibility of immediate implementation of acquired skills knowledge at their work, without an additional training or assistance. And finally, trainee can express his or her satisfaction about the impact of training on personal development, beyond the professional duties and evaluate the general impression of the education. All the evaluation is based on the same scale with five options to answer: Unsatisfactory (1), Not very Satisfactory (2), Satisfactory (3), Very Satisfactory (4) or Not Applicable (5) and also there is a comment box.

Completing the Assessment of the Training Satisfaction by the employee is very important to understand the effectiveness and quality of each particular course, and to analyse, whether the course was complete or there is a need for an additional training.

After the training, 3 to 6 months later, the Manager is completing the fourth form regarding the Assessment of Training Course Efficiency. This form helps to identify, how the conducted training influenced the employee's ability to work. Using the form, the employer can compare the performance of subordinate by four parameters: Speed of the execution, Autonomy, Capability and the Ability to transmit new knowledge. According to the given scale, the development after training can be either Not Demonstrated, or there can be Slight, Visible or Drastic change of abilities of worker, and, when possible, the Manager should describe how the efficiency of training was measured. If after the development course the employee implement anything new in his work, the Manager needs to mention it and describe the impact of that, otherwise, if nothing was changed, he should give a reason for it. Finally, to complete the Learning step of the People Review Process, the Employer need to answer the question, whether the training expectations are met or whether the objective, stated in the Identification of Training Needs is achieved. In case the answer is negative, the manager needs to identify, what was the reason for that. This can be inappropriate course, incorrect training request, need for additional education or just a lack of motivation to develop skills. This answer will be a base for the further actions and steps for improvement of worker's capability.

3   Methodology of Research

In this part the analysis procedure of the current assessment process in the chosen international company is described. As it was described before, the whole assessment process consists of four parts, however, managers deal mainly with the first and the most important part – Performance management – on which the whole system is based. The next three steps are performed by HR Manager and Plant Manager. For this purpose, it was decided to conduct the research regarding only the first part, where the survey is the most applicable.

3.1   Aim of research

The aim of this research is to analyse whether the existing assessment process in the international company really influence the performance of the employees. The output of the research will be an identification of weaknesses of the current process and a proposal of possible improvements, which can be used for the development of this process.

The main objective of the analysis is to determine what makes the assessment process effective, with which difficulties employees face while conducting the evaluation and what disadvantages it has. Based on the results the conclusion and proposal will be made.

3.2   Methods of research

In order to analyse the system and to identify its weak points, there was used one of the most commonly used techniques of collecting the data (See the Appendix 1). The questionnaire helps the researcher to collect the required data using clearly formulated and structured questions and thus meet the objectives of the research.

After the receiving all the answers, for easier interpretation of the results, they are proceeded using standard statistics methods of analysis and also basic analysis of the answers in case of open questions.

3.3   Sample of respondents

Every manufacturing facility of the company has the same organisational structure, which consists of 8 managers in each plant, including the Plant manager. For the

objectiveness of the research, managers from three different facilities were interviewedd. Overall, there were 24 respondents in the whole research.
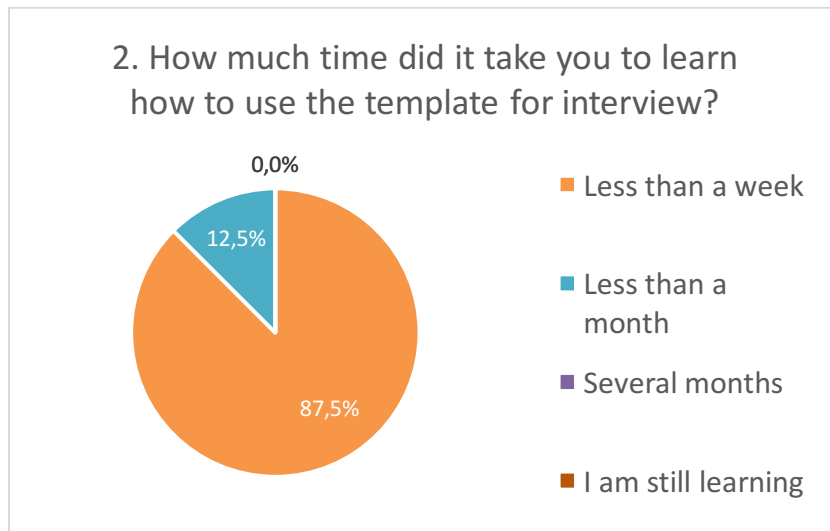
3.4　Results of research

The following information describes the outcome of the performed research, which can also be found in the Appendix 1 in this thesis. From the whole sample of respondents, all 24 managers answered the questionnaire.

The first question was about the awareness and unsustainability of the performance interview, with which managers in all facilities deal every year. The research showed that for most of respondents the interview process is fully understandable and clear. However, a quarter of asked managers do not feel confident about the interview and they are only generally familiar with it, but still, no one has problems dealing with the performance interview.
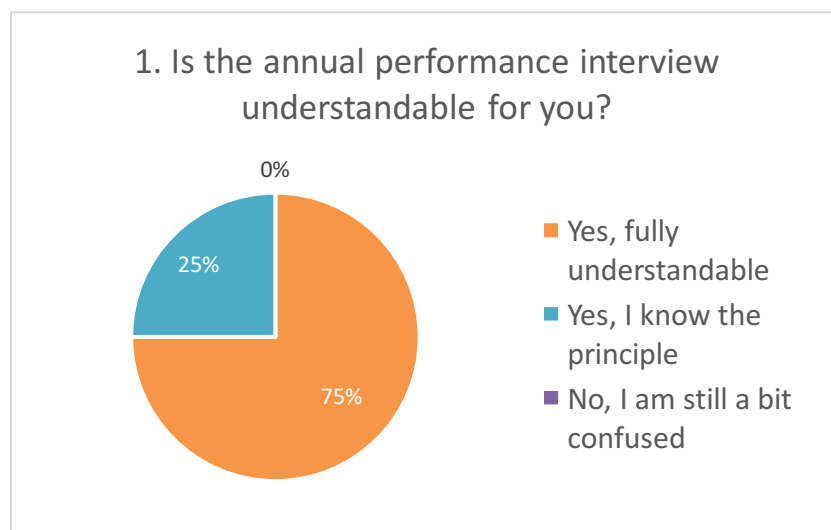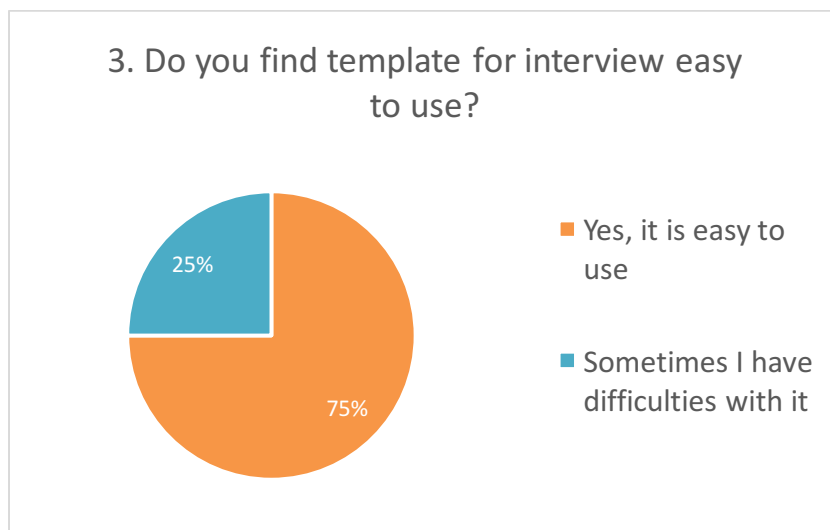

Pic 2. Structure of the responses on the question "Is the performance interview understandable for you?".

The responses on the second question questions showed, how quickly the managers learned how to use the template for the interview, which contains particular parts, questions and rating scales. More than 87% of people needed less than a week to start using the template confidently. It took less than a month rest of the managers to learn how to use it.

2. How much time did it take you to learn how to use the template for interview?

- Less than a week
- Less than a month
- Several months
- I am still learning

0,0%
12,5%
87,5%

Pic 3. Structure of the responses on the question "How much time did it take you to learn how to use the template for interview?".

In the nest question the respondents had an opportunity to evaluate the ease of use of the template for the annual interview. 75% of managers considers the existing template easy to use during the meeting and 6 of them sometimes face with some difficulties during the assessment interview.


3. Do you find template for interview easy to use?

- Yes, it is easy to use
- Sometimes I have difficulties with it

25%
75%

Pic 4. Structure of the responses on the question "Do you find template for interview easy to use?".

The fourth question covers the influence of the annual interview on the performance of the employees. 9 surveyed managers answered positively on this question. 12 people conceders that the interview partially helps to improve the performance, and the rest managers are not sure about its effectiveness.
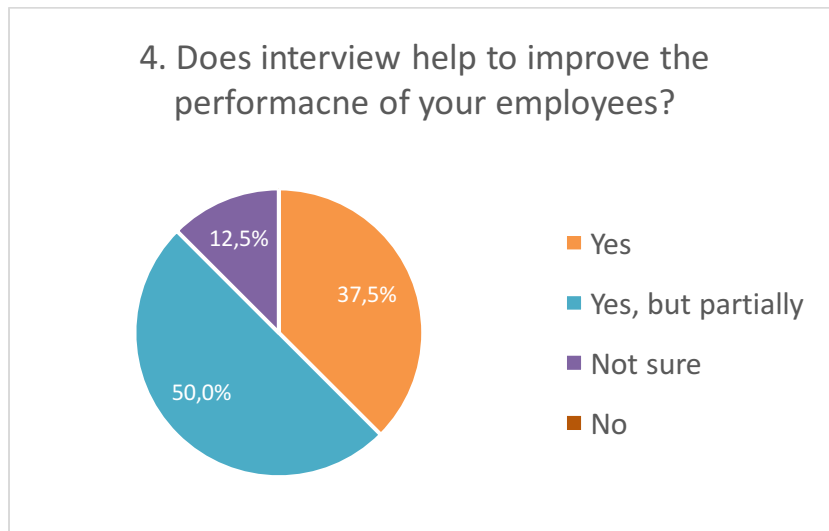
Pic 5. Structure of the responses on the question "Does interview help to improve the performance of your employees?".

The outcomes of the fifth question showed that more than a half of the respondents think that the annual performance interview covers all the required aspects of work. On the other hand, 9 out of 24 people believe that the coverage of the annual interview need to be expanded.
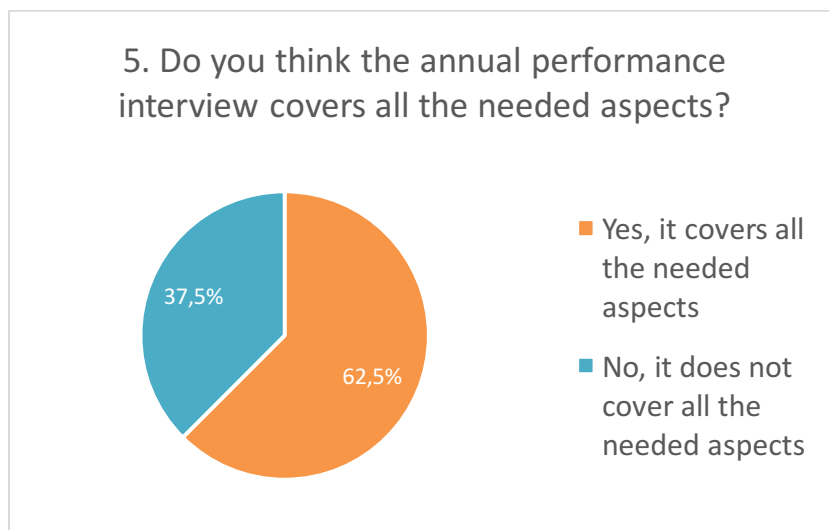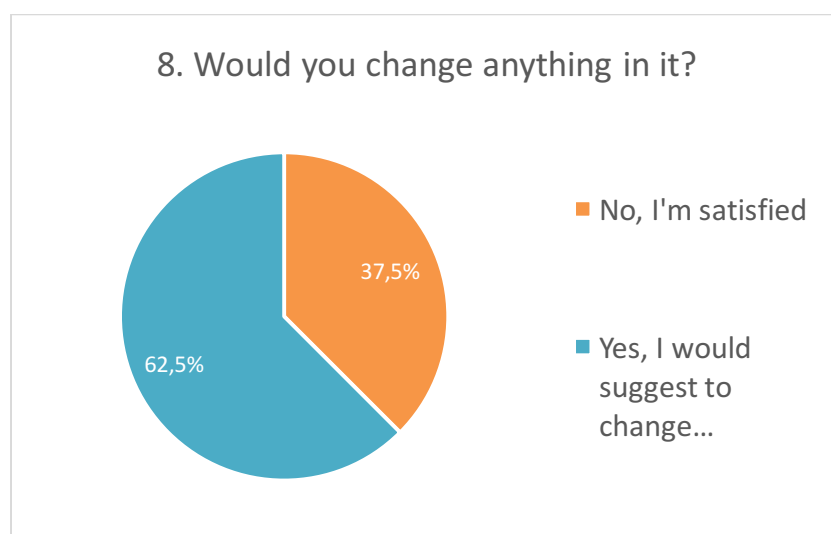

Pic 6. Structure of the responses on the question "Do you think the annual performance interview covers all the needed aspects?".

The question six and seven were open-ended, in which managers should comment on the main benefits and disadvantages of the performance management interview. There were a variety of answers, nevertheless there can be defined similarities.

According to the received responses, the main benefits of the performance interview are: open and face-to-face discussion, clarity of the set annual objectives and expectations for both parties, further analysis and confirmation of KPI's, also the strong part of the interview is the identification of training needs and an opportunity for the career development. Finally, it provides a better understanding of the subordinates, their needs and points of view.

The opposite result was obtained in the research regarding the disadvantages and weaknesses of the annual meeting and the form for it. There can be clearly identified three main disadvantages, according to the managers' opinion. The first weak point of the meeting is that for some people the format of the interview is stressful, so it is difficult to achieve the desired result. Secondly, managers claimed that the interview should be held more often, in order to adjust the subordinates according to the changing situation in the company, by setting new or modified targets. Finally, some respondents believe that the meeting does not really help to improve the motivation of their employees.

In the next question, only 9 managers are totally satisfied with the performance assessment and would continue using it. Whereas more than 62% of people are not contented with it and would like to propose the possible improvements. The majority of respondents suggested to change the scale, frequency of the interview and to add the IT system to support with conducting the interview.

Pic 7. Structure of the responses on the question "Would you change anything in it?".

Finally, the respondents evaluated the annual performance interview in general, by giving the total score, where 1 was the minimum score and 5 was the maximum. As it can be seen on the chart, almost equal number of asked people gave the total score 5 and 4 to the performance meeting and quarter of managers evaluated the interview on the score 3. None of the managers evaluated the interview less than 3.
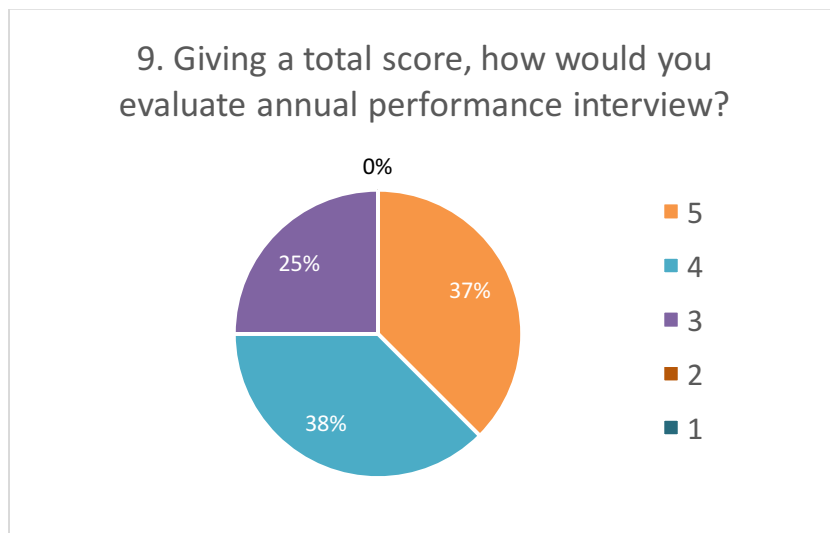
Pic 8. Structure of the responses on the question "Giving a total score, how would you evaluate annual performance interview?".

4   Proposal of a solution

The conducted research showed that the first step of the assessment process in the chosen international company is working effectively. The form which is used during the interview is well-structured, easy to use and understandable for most of the managers. The meeting itself has a number of advantages. It is clear and understandable for both parties of the interview, it provides comprehensible results, coherent new objectives and agreed further expectations of the employee's performance. Moreover, gives an opportunity of the open face-to-face discussion and makes it easier to analyse and identify needs for training and development. Finally, it allows managers to reveal a possible potential in the subordinates and ways of advancing it. Nevertheless, there are still several weaknesses and disadvantages that could be reduced or eliminated. Based on the received results of the research, identified weaknesses and proposed suggestions, I would like to propose possible improvement that may develop the one of the main step of the assessment system and thus, the whole process itself.

First of all, I would recommend to organize the assessment interview twice a year. Due to the fact that the situation in the company changes every day, the previously set objectives and their priority are also affected, that is why some targets may become irrelevant, when it is essential to focus on new tasks and directions. By the time of the performance management interview, an employee may fully accomplish new tasks and omit less important, previously agreed targets. In this situation it will be stated that the employee has not achieve the set objective, whereas the real performance will not be reflected in the interview template. In order to avoid this misunderstanding, there should be the second performance meeting, during which a manager can correct the direction of the subordinate, adjust the tasks or provide the required support in case of any problem. As a result, the performance rate will be higher, as well as the motivation of the employee.

Secondly, I would suggest to add values to the objectives. The current system does not consider the significance and difficulty of the targets and all five objectives are evaluated equally. By the time of the assessment, the employee, for example, may achieve four important objectives, and fail to manage the significant

one. In such case, according to the performance management regulation, the total result of the employee will be satisfactory, whereas the real performance rate is lower. With the different value and priority of objectives, not only the realistic performance will be reflected in the system, it will also bring clarity and understanding of the expectations and will increase the motivation to manage more valuable tasks first.

I addition, I would propose to change the assessment scale. During the research I revealed that many respondents mentioned that the existing scale is not detailed enough and using it, they cannot express their real opinion. The rating scale should be more specific and better refer to the reality. This can be achieved either by using another way of assessment, for example, there can be used a visual assessment, or there can be added more than three options for evaluation. For example, the assessment scale may consist of five levels: (1) Unacceptable performance, applicable if employee's performance is poor and requires significant improvement, and most goals have not been met; (2) Low Performance, when employee shows potential but still the performance is low, the majority of objectives are completed, but the improvement is necessary; (3) Good Performance, can be used if the employee's performance is satisfactory, but there is still room for growth and development; (4) Excellent Performance is applicable when the outcomes are completely satisfactory and all goals are completed successfully; (5) Outstanding Performance can be used when the subordinate exceeds the expectations of managers and performance of peers. Thereby, the assessment will be more relevant and will be still easy to use and analyse.

My final suggestion of the way to improve the current assessment system in the chosen company, is to make the annual performance meeting less formal and thus less stressful for employees. I believe that it is up to an interviewer, whether the meeting is stressful our comfortable for both participants. To make it easier for managers to conduct annual meeting, there can be organised trainings about how to make the interview less stressful and more productive, how to calm the situation and still achieve the goals of the meeting.

Conclusion

Human resources are the most valuable asset of the company and it is up to the management of the organisation, whether this asset is working for the company and its performance, or the money invested in these resources are wasted. Studies show that the systematic performance management of subordinates is becoming increasingly important as the employees who are provided with clearly set objectives, expectations and with the required development are able to demonstrate better performance achievements. Properly structured assessment process can then make the company more competitive.

The aim of this Bachelor Thesis was to analyse the effectiveness of the current assessment process in the chosen international company. Based on the study of the internal materials and the questionnaire survey, conducted among the managers of three manufacturing facilities of the company, there was made a proposal of the possible improvements to the most significant part of the current assessment process in the organization.

In the theoretical part were explained and defined the basic concept of the management of human resources and their performance. The cycle of the Performance management and the main methods of learning and development were described in detail. Emphasis was placed on the part of the theory, the description of the ways of the performance assessment.

In the practical part there was explained an assessment process of the chosen international company, the system they use to evaluate subordinates and the sequence of performance review of the company. The practical part also includes the system of bonus and reward calculation and the structure of identification of learning needs and further analysis of the results.

The third part consists of the research of the current assessment process and it involves the questionnaire survey among managers of the company in which they were asked about their personal view of the efficiency and functionality of the performance management process.

The survey showed that the current assessment process functions effectively, however there are still some areas for the improvement. A list of recommendations

that should lead to even more effective assessment process, based on the outcomes of the survey, was described in the last part of the thesis.

I believe that the proposed recommendations can be applied to the assessment process without difficulty and complications and I hope that it will lead to the improvement of the current system.

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List of pictures

List of Pictures

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Appendix no. 1 Interview Questionnaire

Dear Sir/ Madam,

I'm conducting this survey regarding the efficiency of annual performance interview for my bachelor thesis. This will take 6 min of your time, but will help me a lot. I appreciate your personal opinion regarding this process, because it is important for the analysis. Thank you in advance for the cooperation.

Kind regards,

Alina Bagirova

Questions:

1. Is the annual performance interview understandable for you?

   o Yes, fully understandable

   o Yes, I know the principle

   o No, I am still a bit confused

2. How much time did it take you to learn how to use the template for interview?

   o Less than a week

   o Less than a month

   o Several months

   o I am still learning

3. Do you find template for interview easy to use?

   o Yes, it is easy to use

   o Sometimes I have difficulties

4. Does interview help to improve the performance of your employees?

   o Yes

   o Yes, but partially

   o Not sure

   o No

5. Do you think the annual performance interview covers all the needed aspects?

   o   Yes, it covers all the needed aspects

   o   No, it does not cover all the needed aspects

6. What is the main benefit of the annual performance interview from your point of view? Please, write.

7. What is the main disadvantage of the annual performance interview from your point of view? Please, write.

8. Would you change anything in it?

   o   No, I am satisfied

   o   Yes, I would suggest to change … (Please, write)

9. Giving a total score, how would you evaluate annual performance interview? (5 – max, 0 – min)

ANNOTATION

AUTHOR	Alina Bagirova		
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NUMBER OF APPENDICES	1

SUMMARY	Bachelor thesis is focused on the analysis of the assessment process in the chosen international company and its goal is to analyse the effectiveness of the existing annual assessment system of the organization. In the theoretical part the basic concepts of performance management, such as its aim and significance are defined and described. Methods of learning, rewarding and evaluation of employees are described in details, with the emphasis on their interdependence. The practical part deals with the interpretation of the internal documentation and survey conducted among the employees, working on one of three facilities in the group on managerial positions. In the last part of the thesis are listed recommendations that are supposed to lead to a higher effectiveness of the current assessment process, which are based on the results of the survey.
KEY WORDS	employees, performance assessment, human resources

THESIS INCLUDES UNDISCLOSED PARTS: No	