

THEORETICAL RESEARCH ON THE IMPORTANCE OF HUMAN RESOURCE PERFORMANCE EVALUATION IN ORGANIZATIONAL MANAGEMENT SYSTEM

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Abstract: The topic chosen for this paper is relevant to all small, medium, and large companies as it highlights the importance of human resources. The paper analyzes the level of job satisfaction in relation to the rewards and benefits obtained as a result of the effort made within the organization. The aim is to discuss the theoretical elements regarding the concept of performance and satisfaction in the field of human resources through specialized literature research, in order to understand the importance of developing employee performance evaluation techniques. The authors provide an overview of theoretical findings on the level of job satisfaction, which is reflected in the desire to work. Rewards are established in direct relation to the effort made and the level of performance achieved, and this is an important topic in all companies. The compensation policies in an organization represent cost undertakings, and the compensation system tries to ensure efficient administration and cost control with personnel. Finally, the paper contributes to a deep understanding of the importance of relevant linkage between performance evaluation and motivation of human resources in the organization, thus enabling companies to achieve their established objectives.

Keywords: work performance, employee satisfaction, potential assessment, behavior assessment, efficiency

INTRODUCTION

Organizations are structured to cater to customer needs. Through their endeavors, they strive to create value through products, services, and experiences. This is achievable by fostering the growth of employees' abilities within the company. An increasing number of companies place emphasis on improving employee performance to guarantee the quality of the products and services they offer.[1]

Performance management refers to the process of planning, monitoring, and evaluating employee outcomes within an organization with the aim of improving overall performance. Work performance can vary across individuals, organizations, and time periods, as it is influenced by a variety of factors. By implementing specific actions, performance management aims to enhance performance levels throughout the organization.

Job satisfaction is assessed by the degree to which an employee's needs and expectations are met. Moreover, professional satisfaction entails a sense of enthusiasm and fulfillment towards one's work and plays a crucial role in achieving optimal organizational performance. Trahan and Yearout suggest that employers should provide substantial financial rewards to acknowledge outstanding employee performance.[2]

Performance-based rewards are powerful tools in organizational management. These rewards can stimulate performance by motivating employees, recognizing their contributions and efforts, as well as evaluating and appreciating their work.

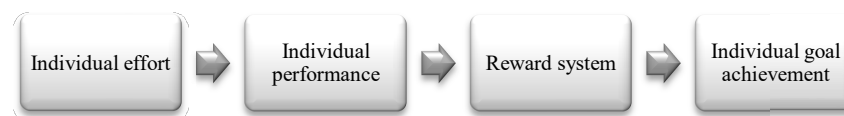


Figure 1. Links established between rewards, motivation and performance

Figure 1. illustrates the hypothesis that employees need to invest a certain level of effort to achieve desired performance and satisfaction. The effort exerted by employees is associated with attaining desired rewards. Ultimately, both the rewards obtained and the performance achieved contribute to fulfilling the individual goals of

each individual.

Job satisfaction is closely linked to performance and the well-being of the individual. He suggests that job satisfaction stems from engaging in an occupation that one enjoys. In other words, job satisfaction is the result of engaging in activities in a field that brings pleasure and fulfillment. Building a professional performance evaluation system requires careful attention to the control elements so that they reflect the reality as objectively as possible. [3]

The organizational-level professional performance evaluation system has an impact on both the quantity and quality of work and productivity within the organization.[4]

METHODOLOGY

In the process of preparing this paper, I conducted a systematic review of the specialized literature described in the following tables. The following sentences construct the analysis of the addressed subject as follows:

- The initial phase involved formulating a detailed plan for the scientific inquiry. This encompassed the delineation and establishment of the research objectives.
- The second phase involved establishing the conceptual scope of our study. These parameters predominantly focused on the types of significant performance evaluation methods (**Rating scales, Essay, Critical incidents, Behavioral descriptions, Ranking, Comparative person system**) encountered in the organizational assessment process.
- In the third phase, we employed exclusion criteria based on a detailed analysis of the specialized literature. During this stage, the papers that were chosen were integrated into the analysis of the subjects covered in the article.

THE OBJECTIVES OF THE PAPER

Within the objectives of this paper, we have proposed mentioning the following:

- ✓ To analyze the theoretical foundations of human resource performance evaluation within the context of organizational management;
- ✓ To explore the significance of human resource performance evaluation as a strategic component in enhancing organizational effectiveness;
- ✓ Identifying various methods and techniques employed for human resource performance evaluation in diverse organizational contexts.
- ✓ Investigating the potential impact of effective human resource performance assessment on employee motivation, development, and overall organizational performance
- ✓ To investigate the potential impact of effective human resource performance evaluation on employee motivation, development, and overall organizational performance;

The chosen objectives will guide the research and provide a structured approach to exploring the significance of human resource performance evaluation within the organizational management system.

THE LIMITATION OF THE PAPER

The following limitations are taken into consideration during the research and the interpretation of results to achieve a more comprehensive understanding of the subject:

- ✓ Theoretical limitations: The research is based on theoretical analysis, and the absence of case studies or empirical data can impact the depth and applicability of the conclusions;
- ✓ Time limitations: The research may focus on a specific time interval, which can influence the relevance of the conclusions for future developments;
- ✓ Limitations related to human resource categories: Focusing on specific human resource categories or industries can limit the applicability of the conclusions to other fields;
- ✓ Limited Stakeholder Perspectives: The paper may focus predominantly on the organization's perspective and may not adequately consider the viewpoints of employees, managers, or other stakeholders;

METHODS AND TECHNIQUES OF PERFORMANCE EVALUATION IN ORGANIZATIONS

The process of performance evaluation in an organization involves measuring work outcomes, processing data and information, interpreting them, drawing conclusions, and analyzing the feedback from those being evaluated. The purpose of performance evaluation is to determine the extent to which employees fulfill their work tasks. Through the performance evaluation process, the efforts made by an employee to successfully carry out job activities are appreciated.[5]

The accuracy of performance evaluation results is determined by the consistency of conclusions obtained by independent evaluators, the uniformity of methods used, and the ability to objectively measure employee performance. However, performance evaluation also takes into account factors such as the organization's values system, size, mission, and objectives, as well as the strategies employed in rewarding employees, among others.[6]

Table 1. Human Resource Evaluation [7]

ANALYZED ELEMENTS		
<i>Potential assessment</i>	<i>Behavior assessment</i>	<i>Performance evaluation</i>
<ul style="list-style-type: none"> - Personal characteristics. - The maximum level that can be achieved. - Ways to develop the individual in relation to organizational objectives. 	<ul style="list-style-type: none"> - Reactions and manifestations. - The degree to which an employee fits into the occupied position. 	<ul style="list-style-type: none"> - The results achieved up to the moment of evaluation.

The evaluation process is intricately structured, relying on a set of specific elements and well-defined criteria. This entails a systematic examination of various aspects, including employee performance, adherence to organizational standards, and alignment with overarching objectives. The evaluation process strives to provide an accurate and comprehensive depiction of the organization's current state, thereby enabling informed decision-making.

1.1 The objectives of performance evaluation

The main purpose of the human resource performance evaluation process is to guide decisions concerning employee promotions within the organization, facilitate departmental transfers, refine the rewards system, and pinpoint areas for employee development. This structured process is intended to provide in-depth insights into employee requirements, competencies, and growth potential, ultimately enhancing the effectiveness of human resource management.

Table 2. Classification of Objectives in the Employee Performance Evaluation Process [8]

OBJECTIVES OF THE EMPLOYEE PERFORMANCE EVALUATION PROCESS	Benefits in the Organization
Organizational Objectives	<ul style="list-style-type: none"> - The relationship between individual performance and organizational objectives. - Alignment between human resource strategies and organizational objectives. - Well-defined responsibilities. - Establishing connections between human resources and existing functions within the organization.
Psychological Objectives	<ul style="list-style-type: none"> - Establishing position and relationships within the organizational hierarchy. - Communication. - Employees recognize their contribution to achieving company objectives.
Development Objectives	<ul style="list-style-type: none"> - Awareness of growth and skill development opportunities within the organization.
Process Objectives	<ul style="list-style-type: none"> - Establishing reward strategies. - Identifying skills that need improvement among employees. - Determining promotions, demotions, and terminations.

The employees' comprehension of their professional performance and their self-assessment of their capabilities play a

pivotal role in gauging the degree to which they meet their job responsibilities and contribute to the organization's overall productivity. This awareness encompasses not only their job tasks but also their overall effectiveness, alignment with organizational goals, and their ability to adapt and thrive within the workplace environment. It's a holistic understanding that empowers individuals to continuously assess and improve their contributions to the organization, fostering a culture of growth and efficiency.

1.2 Methods and techniques of performance evaluation in organizations

Table 3 presents the various techniques of performance evaluation. The first column of the table indicates specific performance evaluation techniques. The next column highlights the types of focus used, including measuring individual results achieved by employees and comparative measurement of individual performance. The last column describes the purposes for which the listed techniques can be used.

Table 3. Techniques for Employee Performance Evaluation in an Organization [4]

Evaluation techniques	Focus	Purpose	The importance in an organization
Graphic Rating scales	Measuring individual performance results	Evaluation of results through qualification	<ul style="list-style-type: none"> - Provides an objective framework; - Allows for result comparison; - Provides a structured way to give feedback to employees; - Identifies development needs; - Provides a solid foundation for decision-making;
Essay		Descriptive evaluation of work behavior	<ul style="list-style-type: none"> - Allows the manager to describe and evaluate the employee's performance in depth; - Provides specific and detailed feedback on the employee's strengths and weaknesses; - Identifies growth and development potential; - Increases employee motivation and engagement; - Provides satisfaction and recognition for the work performed;
Critical incidents		Descriptive evaluation of behavior adopted in task resolution	<ul style="list-style-type: none"> - Recognize notable achievements and contributions; - Identify areas that need to be addressed and improved; - Based on real and observable situations; - Make more informed and fair decisions;
Behavioral descriptions		Evaluation through graphic scales of results achieved on performance defining indicators	<ul style="list-style-type: none"> - Eliminate subjectivity in the evaluation process; - Ensure consistent and comparable assessment of performance; - Identify valuable employees; - Facilitate succession planning and career development;
Ranking	Comparative measurement of individual performance	Ranking employees in descending order of performance level	<ul style="list-style-type: none"> - Recognition of superior performance; - Identification of development needs; - Allocation of resources and rewards; - Identification of future leaders; - Transparency;
Comparative person system		Evaluation of employees paired based on the analysis criterion	<ul style="list-style-type: none"> - Performance differentiation; - Alignment with organizational objectives; - Motivation and performance enhancement; - Promotion and reward decisions; - Ensuring a continuous flow of talent;

The historical methods include:

a) **Graphical Rating Scales:** In 1931, an enhancement rooted in behaviorism was integrated into the graphical rating scale.[9] These scales, designed for assessing employee performance, are structured to include a range of specific traits or behaviors, each associated with a performance continuum. When using this scale, evaluators assign scores to employees by identifying the position on the spectrum that best reflects the individual's performance for each particular trait.

b) **Narrative Essays:** Administrators employ the use of narrative evaluations, a method that comes to the forefront at the conclusion of an assessment period, to provide a comprehensive overview of an employee's strengths and areas for improvement.[10] This evaluation approach primarily focuses on assessing an employee's behavioral attributes and qualities. Within this narrative framework, administrators consider a wide range of evaluation criteria that encompass various dimensions of an employee's performance. This includes an assessment of overall performance impressions, an evaluation of existing qualifications, an examination of past performance history, and the integration of valuable feedback gathered from colleagues and peers.

c) **Critical Incident Method:** Focused on pivotal behaviors with significant impacts on an employee's performance, the critical incident method logs extraordinary work-related behavior and revisits it with the employee during predetermined intervals.[8] This evaluation approach concentrates on identifying pivotal behaviors that exert a significant influence on an employee's performance. The method involves documenting exceptional work-related actions and subsequently revisiting these incidents with the employee at predetermined intervals.

d) **Behavioral Descriptions:** Often referred to as Behaviorally Anchored Rating Scales (BARS), offer a unique evaluation approach that sets specific behavioral instances as benchmarks, linked to numerical ratings. BARS utilizes behavioral statements or concrete examples to provide clear delineations of performance stages for each performance element.[5]

e) **Ranking Technique:** Involves managers assessing and ordering their employees according to their performance, ranging from the most outstanding to the least. However, this method often lacks transparency regarding the criteria used to define the "best" employees and the rationale behind these rankings remains unspecified. [8]

f) **The Comparative Person System** is a performance evaluation approach that assesses employees in relation to their peers, comparing their performance levels within the organization. This method involves ranking or categorizing employees based on their job performance, typically from the highest achievers to the lowest performers.

As we can see, each method is used to validate the relationship between employees' skills and the positions they hold. Each method has its advantages and disadvantages, and the choice of the appropriate technique should be tailored to the tasks analyzed by the evaluator. It is important to use a combination of methods to obtain a comprehensive and objective evaluation of employee performance. This way, organizations can ensure an optimal match between employees' competencies and job requirements, supporting professional growth and individual and organizational success.

RESULTS

The principles underlying **Graphical Rating Scales** represented a significant leap forward in the evaluation process. These principles introduced a heightened level of objectivity and clarity, empowering evaluators to assess employee behaviors and competencies in a more observable and tangible manner. This innovative approach had far-reaching implications, as it bolstered the reliability and equity of performance assessments, thereby playing a pivotal role in fostering more effective employee development initiatives and aiding in more informed organizational decision-making processes.

The incorporation of **Narrative Essays** in the assessment process adds depth and context to performance evaluations, allowing for a more holistic understanding of an employee's contributions and potential areas for growth. This comprehensive approach contributes to more nuanced.

The **Critical Incident Method** offers a unique perspective on an employee's performance, focusing on both exemplary actions and areas for improvement. This targeted approach allows organizations to provide specific feedback and guidance, ultimately leading to more effective performance enhancement and professional development for their workforce.

Behavioral Descriptions (Behaviorally Anchored Rating Scales - BARS) helps establish a more precise and structured evaluation process. It enables evaluators to assess performance based on tangible behaviors, making it easier to provide meaningful feedback and guide employees toward improvement. The use of BARS enhances the objectivity and effectiveness of performance appraisals, ultimately contributing to more accurate and constructive

assessments.

Ranking Technique offers a straightforward means of identifying top performers, but the Ranking Technique's effectiveness can be limited by subjectivity and a lack of clear guidelines, which may hinder its potential to provide fair and constructive evaluations.

In the **Comparative Person System** employees are evaluated relative to each other, with organizations aiming to identify top performers, provide recognition, and potentially allocate rewards or promotions accordingly. However, this method may also introduce competition among employees and pose challenges related to subjective judgments and a limited focus on individual growth and development.

CONCLUSIONS

In conclusion, within the realm of employee performance evaluation systems, evaluators employ a diverse range of techniques and methods to assess each employee's level of performance. These techniques encompass the utilization of behavioral descriptions, performance ranking, and comparative evaluation among employees. The significance of each of these techniques lies in their capacity to facilitate objective evaluations that align with the organization's overarching goals while simultaneously fostering employee development.

What's noteworthy is that these techniques collectively contribute to enhancing the efficiency and effectiveness of the performance evaluation process. They enable organizations to not only identify and acknowledge exceptional performance but also to provide tailored support for continuous growth. Moreover, they play a pivotal role in furnishing decision-makers with the information required to make well-informed choices regarding employee promotions and the allocation of rewards.

As organizations continue to evolve and adapt to changing work dynamics, the incorporation of these evaluation techniques has become essential. They not only ensure fairness and transparency in performance assessments but also empower employees with actionable feedback for improvement. Furthermore, by systematically employing these methods, organizations can better align their human resources with their strategic objectives, thus fostering a culture of continuous improvement and excellence in the workplace.

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