

**EMPLOYEE PERFORMANCE IN THE CONTEXT OF THE  
PROBLEMS OF MEASUREMENT AND EVALUATION IN PRACTICE**

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**Abstract**

*Employee performance is a condition and an assumption for the performance and success of a company on the market. In order to ensure competitive ability, the quality of human resources, their management, and related measurement and performance assessment are at the forefront of company interest. Employee assessment affects the performance, development and motivation of people and also provides the necessary information about the employees. It allows the organization to monitor employee performance and compare their work with other collaborators. Many companies have the problem of setting up evaluation system so that it carried itself elements of responsibility and objectivity. The result of conceptual work in this area is the ultimate use of tools whose deployment, if possible, motivates employees to perform better. The aim of the paper is to refer to problems that arise in companies in evaluating the performance of employees.*

**Key words**

*employee performance, employee performance assessment, evaluation problems*

**INTRODUCTION**

At present, companies are affected by the factors such as globalization of markets and changes in the needs of customers and investors. In order to remain competitive in the long run, they must continually improve their performance, and the challenge for responsible management is to respond quickly to changes in the environment, and thus to ensure sustainable performance. The successful company operation in a market is influenced by the performance and potential of all its employees and managers.

There is a growing need to take into account the environmental aspects of business. A significant increase in the contacts of cultures with different values places changing demands

on people. These changes must be monitored, tailored, but mainly exploiting the opportunities offered by the new global business environment.

Companies that clearly specify their goals and employees know that their role in meeting and at the same time setting criteria for evaluation of the success of achieving both individual and corporate goals, have a chance to succeed in turbulent times.

The ability to develop and to teach a company is based on the development of employee's qualifications and competencies. To ensure the company's positive contribution to sustainable development depends on company management that focuses on sustainable performance and company development through systematic and goal-oriented activities and coordinates economic, social and ecological measures.

In determining the internal company performance standards, it is necessary to prioritize their reality, understandability and acceptance of a wide range of users and, in particular, their permanent motivational character, which must enable the continuous improvement of company performance. Determining the target values of these standards must also allow in the maximum possible measure to accept the timely, transparent and effective management decisions of the operational managers to be in line with overall company interests (9).

The performance management system ensures not only consistency and communication about goals, but also employee performance assessment, commitment to motivation and development with expected performance, and feedback on the effectiveness of the entire system. Employee performance evaluation has a wide range of uses and impacts.

A simpler and more manageable measure is to measure the organization's quantitative goals. The measurement of qualitative indicators is more difficult and more complicated.

## **EMPLOYEE PERFORMANCE, ITS MEASUREMENT AND EVALUATION**

The essence of performance as an economic category is three elements. The first is to define the target value, which compares the actual performance with the required performance. The second element is the criteria for evaluating objectives - an indicator or a set of indicators. The third element of performance is the measurement and evaluation system, which defines the rules for measuring the indicators and the method of their evaluation (14).

If collaborators are sufficiently motivated and really want to achieve their goals, they have to be involved in the controlling process in the search for the goals accordingly. Their cooperation in planning measures to achieve the goals is also essential, because they are the ones that have to enforce the measures (3).

The essence of controlling is the comparison of the actual achieved results with the plan, and the search and the subsequent solution of the deviations. The essence of personnel controlling is the monitoring and evaluation of short-term and long-term objectives and the ambitions of a company directly linked or influenced by human resource management (4). Personnel controlling in the narrower sense is of a quantitative and operative character, and evaluates the efficiency and outputs of personnel processes. In a broader understanding, it monitors the quality of human resources management, its practices and tools. To control various personnel processes, it needs personal controlling of various measurement variables and indicators (5).

In economic theory and practice, work performance is considered as a measure of a person's work activity. Work performance is defined by the authors differently. As a rule, however, they focus on performance in behaviour or performance in the form of results (meeting quantitative indicators) (10). Generally speaking, it is an expression of the amount and quality of work performed by the worker in given working conditions for a certain time unit.

Work performance can be defined as a result linked to the company strategic objectives, customer satisfaction, and contributes to economic results. In a modern company, people's

management is based on rewarding their benefits and targeted development of potential. The condition of meeting the challenging goals is monitoring and evaluating work results, removing unwanted deviations, addressing rewards, and educating people (12).

People tend to do based on how their performance is measured and keep on doing what they are rewarded for. Tell people what you want and reward them when they do it and punish them when they do not do it. In reality, however, organizational performance and reward systems usually do not work so straightforward, but they contain multiple goals, and measures that do not always reflect real behaviour and incentives, that are not always tied to measures or goals. The result is a confusing and counterproductive practice, which can be described as "I reward A, although we require B" (1).

A meaningful evaluation of performance (performance review) can be a great opportunity for managers to learn about new things in an innovation process that could be used throughout the company (8).

A fundamental requirement for building a system of monitoring, measuring and evaluating internal company performance is to be always able to increase the motivation and personal involvement of individual employees and managers and to enable the personnel and company goals (goal of congruence) to align to be as high as possible in order to be as effectively as possible complex strategic objectives of the company (9).

Managing employee performance in quantitative terms means increasing their performance, and hence more performance per unit, better input/output ratio and higher quality of work and its results. However, the qualitative aspect is also important.

Monitoring, analysing and evaluating data in the personnel area, and thus in the field of employee performance assessment, is more complex than in other business areas (eg. performance assessment of manufacturing facilities, processes, etc.). In addition to quantitative data, it is often necessary to work with qualitative data that are specific regarding their collection, comparison and processing, and especially their objective evaluation is more difficult.

Goal setting and worker performance perception should be linked to the company's strategy. In other words, employee performance management begins with a mission and vision (7).

When analysing the performance factors and performance of an employee, performance indicators play an important role. They are either direct (quantity and quality of work done) or indirect (stability of performance in time, accidents, absences, fluctuations, changes in the quality of psychological processes/perception, memory/a psychological state/mood, emotional tension, fatigue, stress, psychological stress, frustration / while performing work, etc.) (11).

Employee evaluation is of great importance for the functioning of companies or different institutions. Evaluation is the basis for other areas of management and management of human resources in the company. Employee assessment is an effective tool for motivating, supervising and directing employees. It allows the company to track employee performance and to compare their work with other collaborators. There are two forms of employee evaluation, namely formal assessment - also called systematic evaluation and informal assessment - is the so-called interim evaluation performed by the supervisor during the work done.

In practice, employee appraisal and performance in individual company's means determining how an employee performs his/her work, tasks and requirements that are related to his or her job, and also his/her work behaviour towards other colleagues (13).

According to Dudinska et al. (2011), employee performance assessment mainly brings the following effects to the company and individuals:

- Control the effectiveness of processes and practices in human resource management,
- Auditing and revealing the work potential of departments and individuals,

- Performance evaluation with aim to enable an individual to be responsible for their own education and development,
- Performance evaluation as a basis for fair remuneration,
- General improvement of communication and work relationships in the company.

The performance measurement system has a very strong impact on the behaviour of people inside and outside of the company. In order to survive and thrive, companies in the information age have to use management and measurement systems based on their strategy and capabilities. Many companies formulate strategies for their customer relationships, key competencies, and in-house capabilities, but employees are only motivated by financial indicators, and their performance is also being evaluated in this way (6).

The normative part of the company's evaluation asks not only to identify the nature of the issues we want to eliminate but also to specify what steps to do for remedial action - including coaching, clear benchmarks, motivational incentives, factors of measuring individual success. They must agree on clear rules. It is important to build a rating to highlight the critical needs to improve the business strategy, the steps to be taken to build the company's ability to respond to change and to achieve the expected achievements (8).

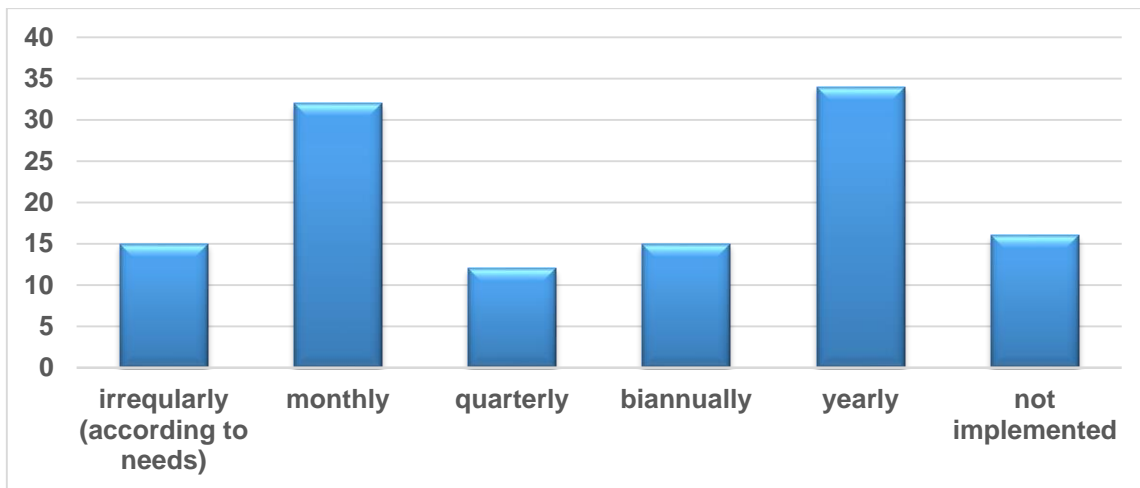
## **EXPERIMENTAL**

As part of the research project carried out at the Institute of Industrial Engineering and Management of Faculty of Material Sciences and Technology, we focused on the state of the performance management and performance of employees in industrial companies in Slovakia. In order to obtain relevant information in the field of performance management, we implemented a secondary survey by studying the literature and documents concerned. Based on available data, we compiled a questionnaire with 34 questions. We used the questionnaire for a (primary) survey of the subject issues. We distributed it to 500 companies in Slovakia. It returned correctly filled in 169 (5.3% of micro, 12.4% of small companies, 37.3% of medium-sized companies and 45% of large companies). We tried to summarize the results and generalize them.

In this paper, we present and undertake critical analysis of the partial results from the aforementioned survey focused on assessing the performance of employees and identifying related issues.

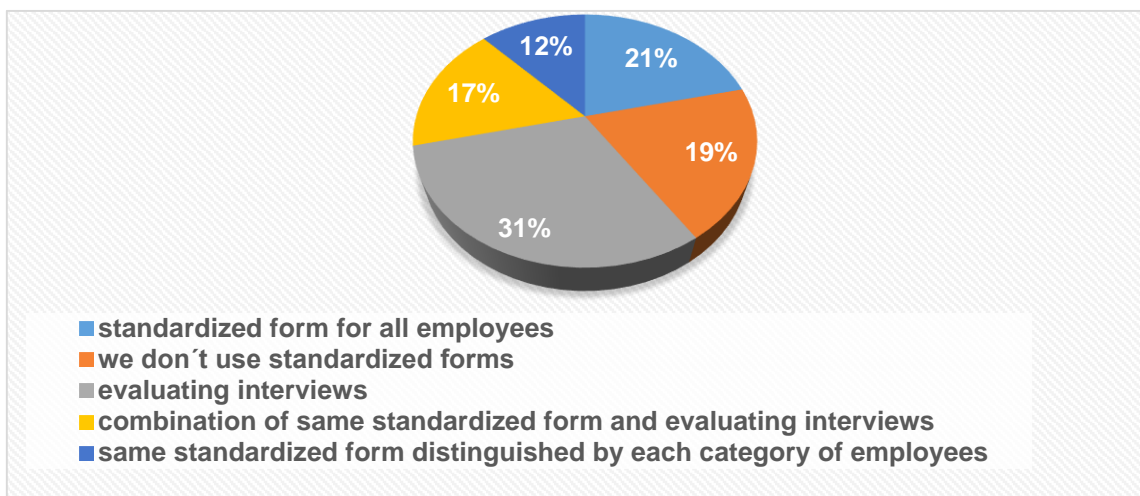
## **RESULTS**

Based on responses from respondents, we can claim that 85.1% of the surveyed companies perform regular performance appraisal of employees. The set of respondents did not rank the results according to the size of the organization, because the evaluation and measurement of the performance of their employees are not performed by micro-companies and most of small companies. In their responses to the other questions in the questionnaire, the respondents addressed the problems they encountered in the field. We surveyed the frequency used to measure and evaluate staff performance. The answers to this question are related to the number of respondents who said they were evaluating the performance of their employees. As respondents had the opportunity to provide multiple responses (eg. irregularly + annual, monthly + yearly), the question was evaluated in absolute terms. As can be seen in Fig. 1, the majority of respondents carry out annual, respectively monthly evaluation. The evaluation as needed was made to a large extent by micro and small companies.



*Fig. 1 Survey of frequency of measurement and evaluation of employee performance  
Source: own processing*

In the next part, we investigated what method is used for performing employees evaluation in companies. The most often way of evaluating employees are the evaluation interviews (31% of respondents), standardized forms uniform for all categories of employees are used by 21% of the organizations surveyed, 17% of organizations use a combination of evaluation interviews and standardized forms uniform for all categories of employees. Only 12% of the respondents use standardized forms distinguished for individual employee categories. The data obtained are shown in Fig. 2.



*Fig. 2 Survey of frequency of measurement and evaluation of employee performance  
Source: own processing*

Subsequently, we focused on what they see as the biggest problem in the company's evaluation of employees.

Summarizing the survey results are in Table 1, which suggests that respondents consider as the biggest problem the evaluator's subjectivism, then little time for making interviews and setting of the measurable criteria.

Respondents were asked to comment on what criteria they did not consider to be a problem. As shown in Table 1, the following issues are not considered as a problem: the most answers, i.e. the least serious problem is the tendency to very rigorous evaluation - the difficulty demands

on yourself and others, the evaluation criterion is considered as an unnecessary formality that does not help.

**Table 1:** A survey of perceived criteria that pose / do not pose a problem when evaluating employee performance

Number	Problem description	Problem	No problem
1	Setting quantifiable standards	29.21%	31.69%
2	Determination of objective and real tasks	20.61%	35.05%
3	Subjectivity of evaluator	38.15%	28.87%
4	Unclear meaning of employee evaluation	20.27%	34.02%
5	Impossibility of linking evaluated results with remuneration	27.49%	35.05%
6	Insufficient linking of evaluated results with education	25.08%	35.05%
7	Insufficient time to conduct interviews	31.27%	27.84%
8	Inconsistent evaluation results with career growth	27.83%	24.74%
9	Tendency for moderate results - averageness	24.74%	31.96%
10	Tendency for very strict evaluation - difficulty for ourselves and others	15.12%	44.33%
11	Evaluation considered as a useless formality. which does not work	26.46%	41.25%

## DISCUSSION AND PROPOSAL FOR SOLUTION

Employee performance is the basis for the company's overall performance. If employees do not receive feedback how their performance is assessed and how the employer is satisfied with their activities, they are unlikely to change their actions. If the company wants to manage employee performance, it needs to know clearly what is expected of them (to set goals), create conditions for work, and give feedback to employees, as satisfied with their previous work the company is and where it sees the potential of their further development.

Performance evaluation is one of the management tools that helps increase employee performance, but it is important to link it to other HR tools and to align it with the company's personal philosophy and strategy.

Performance indicators should be chosen in such a way that they are understandable to all groups of employees at all levels of management. It is important to familiarize employees with them and to analyse whether there are barriers eliminating the increase in employee performance. On the basis of the results obtained and the trend of the development of these indicators, the performance of the employees and their potential should be assessed.

A company should define performance standards that are tied to company's Key Performance Indicators. These should correspond to the individual goal metrics consistent with company strategy and business goals. Employee performance management system and employee evaluation can build company culture in a precise and long-term manner.

At present, it is necessary to identify and to define the key parameters of sustainable company performance. An open question is still the way of measuring performance using individual indicators that would allow comparisons of departments or companies in time.

Further research should focus on motivation and job satisfaction, to what extent employee satisfaction and performance are linked to financial evaluation and the factors such as work and career progression, corporate culture, colleagues and superiors, social responsibility prestige the work, or its diversity.

In the survey, we outlined the important aspects that we want to focus on in the future and that can be the subject of further research.

In order to promote employee motivation, it is necessary to evaluate its performance and potential. Employees should be aware of a relationship between what they give to the company and the reward they receive. Such evaluation helps to create more realistic expectations of the individual, and set more challenging individual goals; it is also a means of gaining feedback at a certain time and with foreseeable consequences for the future. A company should strive to develop, based on the past, a performance management system oriented on the future, and, from the results achieved, to detect the potential for its growth and development, and to define the desirable employee behaviour.

Evaluation is an opportunity for every employee to have given their proposals, stimulus' and needs and then they were realised in frame of the scope of company. Given the growing complexity and growing dynamics of the company environment, there is an urgent need today for new, convincing quantitative and qualitative measures for strategic decision making.

The various tools used to assess the performance and potential of employees are often deployed in companies in parallel. In HRM, there is no absolute trust in individual tools, more efforts are being made for balanced employee observation and a combination of different evaluation tools. This may relativize the subjectivity of the supervisors, the personal engagement of colleagues and the laboratory effect assessment processes. The endeavour is to compose the individual view angles into the overall image of the rated worker. A reliable statement about the potential and performance capabilities of an employee is required, which implies the basic direction for the next individual development.

In the past, employees ratings lacked standardization, what led to a high degree of subjectivism. At present, human resource assessment is becoming a means of driving the MBO goals. It becomes an integral part of managing people, joining with other levels of HRM.

It serves as a basis for the formation of remuneration as a starting point for development and also as a tool for maintaining (securing) the individual effort (motivation) of the employee, including the employee in the career development and succession program.

Companies should try to develop a future-oriented performance evaluation system based on the past, for achieved results, to show the potential for growth and development, and in the definition of desirable employees' behaviour.

## CONCLUSIONS

The ability to develop and to teach a company is based on the development of employee's qualifications and competencies. To ensure the company's positive contribution to sustainable development depends on company management that focuses on sustainable performance and company development through systematic and goal-oriented activities and coordinates economic, social and ecological measures.

The performance management system ensures not only consistency and communication about goals, but also employee performance assessment, commitment to motivation and development with expected performance, and feedback on the effectiveness of the entire system. Employee performance evaluation has a wide range of uses and impacts.

The company allows performance appraisal to measure worker potential, to adapt educational activities to employee's needs, to dynamize its personnel policy, and to offer opportunities for career development to employees who deserve it. Appropriate evaluation system becomes an important tool for managing employee motivation.

A high-quality evaluating system and a responsible manager, who conducts this evaluation, would have to employees provide specific suggestions for improvement, it allows them to better adapt their expectations to superiors' expectations.

Managers receive a management tool that helps them better know their subordinates, evaluate their performance and productivity, and propose measures to improve work performance

### Acknowledgements

The paper is a part of submitted VEGA project No. 1/0348/17 “*The impact of the coexistence of different generations of employees on the sustainable performance of organisations*“ and VEGA project No. 1/0218/16 “*The Model of the implementation of controlling as a management tool within medium enterprises in the engineering and electronics industries*”.

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