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## **PERIODIC STAFF ASSESSMENT SYSTEM IN A PRESENT-DAY COMPANY – THEORY AND PRACTICE – AS ILLUSTRATED BY THE CHEMTEX LTD COMPANY\***

### **Introduction**

Presently, as they are operating in a continuously changing environment, companies need employees who are appropriately trained, committed to their work and can work in any conditions. Such personnel is a precious asset thanks to which the company can gain a competitive advantage on the market through the minimization of fixed costs, the increase in innovativeness and the improvement of production processes. Human resources are the most important capital of every organization. A new investment of a company starts already at the moment of the search and recruitment of new employees. The selection of adequate staff is the basis for its proper functioning and it constitutes a stimulus for company expansion. When committed to their company crucial activities, the employees engage their skills and expertise<sup>1</sup>. It is also important to maintain high motivation of the staff and this objective is a great challenge for the management. Consequently, it seems indispensable that appropriate tools should be implemented and used to achieve and preserve such situation in the company. One of such tools is the Periodic Staff Assessment System (PSAS).

### **1. The concept and functions of a periodic staff assessment in a company**

Staff assessment is the overall information on how useful an employee is to the employer. It facilitates the control over work and helps increase the effectiveness of the staff. The assessment may be short-term and used in redundancies, employment verifications, changes of salaries, awarding procedures as well as in on-going trainings or long-term for planning career paths, promotions, restructuring or the adjustment of personnel strategies.

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<sup>1</sup>Z. Ciekankowski, *Kapitał ludzki najistotniejszym elementem w organizacji*, Zeszyty Naukowe Uniwersytetu Przyrodniczo-Humanistycznego w Siedlcach No. 101, Administracja i Zarządzanie 2014.

The assessment should motivate employees, show them how they are perceived by superiors and presents the directions of further development. It should also help the employer and other company representatives in the achievement of company targets.

The literature on the subject presents different classifications of the objectives and functions of staff assessment systems that overlap and consequently influence numerous areas of human capital management in companies. Due to the problem of abundance, the authors selected and present below only some of the opinions.

According to J. A. F. Stoner, the most important objectives of staff assessment are: to inform formally the employees about their current effectiveness, to show the appreciation of their work by salary increases related to their achievements, to assess which employees should be additionally trained, to point at the candidates to be promoted<sup>2</sup>.

According to D. M Stewart, the basic functions of staff assessment systems are as follows:

- stabilizing function - to encourage employees to work in the same way as before;
- developing function – to set goals; to present expectations from employees and to encourage them to further development;
- correcting function – to show mistakes of the staff and the ways how to eliminate them and avoid in the future.

S. McGregor states that staff assessment includes mainly such objectives as<sup>3</sup>:

- administrative - the knowledge gained throughout the assessment procedure is used in personnel processes (staff recruitment, relocation and remuneration);
- informative – information is gained about employees' feelings about their work and their expectations from their superiors and working team; the feedback is obtained.
- motivational – the feedback from the superior should have an impact on the staff motivation and it should encourage them to further development.

As it is the case with every personnel situation, staff assessment can be analyzed both from the point of view of the employee and the employer. Periodic staff assessment provides the employee with the information on their work quality and the accomplishment of the tasks

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<sup>2</sup> J. A. F. Stoner, R. E. Freeman, D. R. Gilbert Jr., *Kierowanie*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2001, p. 384.

<sup>3</sup> H. Król, *Od pracy do kapitału ludzkiego* [in:] H. Król, A. Ludwiczynski (ed.), *Zarządzanie Zasobami Ludzkimi*, Wydawnictwo Naukowe PWN, Warszawa 2008, pp. 279-281.

assigned while the employer receives comparable data regarding the whole staff, which facilitates personnel decision-making in staff processes<sup>4</sup>.

## 2. Selected methods, techniques and principles of staff assessment in the light of the literature on the subject

In order to obtain a correct result of an annual assessment and to apply it in staff processes it is necessary to implement adequate methods. The methods can be divided into

- absolute methods, which include descriptive assessments, tests, quantitative work standards, qualification scales, a critical event method, management by objectives and 180, 360 and 540 degree assessments;
- relative methods, such as rankings, pair comparisons and normal distribution methods.

A detailed description of the methods can be found in the literature on the subject<sup>5</sup>.

The adjustment of assessment techniques and the compliance to basic principles are equally important as the choice of an adequate method (Cf. Table 1).

**Table 1. Techniques and principles of staff assessment**

| TECHNIQUES/CRITERIA |   | PRINCIPLES   |   |
|---------------------|---|--------------|---|
| K. Kubik            | <ul style="list-style-type: none"> <li>• qualifications (substantive requirements set by the employer),</li> <li>• effectiveness – focus mainly on quality, quantity and timeliness,</li> <li>• behaviour – conduct in the workplace,</li> <li>• personality – intellectual and personality features of the employee,</li> <li>• competencies - focus on knowledge, necessary skills and attitude.</li> </ul> | J. Łuczewicz | <ul style="list-style-type: none"> <li>• regularity – cyclical character,</li> <li>• universality – every employee is subject to assessment,</li> <li>• flexibility – the techniques and methods applied in the staff assessment process should be well considered and suited to particular objectives,</li> <li>• transparency – all employees should know the objectives, criteria and results of the assessment,</li> <li>• simplicity – the assessment system should be easy and comprehensible to every employee.</li> </ul> |

<sup>4</sup> J. Marciniak, *Audyt i controlling funkcji personalnej w przedsiębiorstwie*, Oficyna a Wolters Kluwer, Warszawa 2015, pp. 187-188.

<sup>5</sup> A. Stabryła (red.), *Analiza i projektowanie systemów zarządzania przedsiębiorstwem*, MFiles.pl Encyklopedia Zarządzania, Kraków 2010; M. Sidor-Rządkowska, *Kształtowanie nowoczesnych systemów ocen pracowników*, Wydawnictwo a WKB, Warszawa 2013.

|                     |   |          |  |
|---------------------|---|----------|--|
| A. Poczowski        | <p>The assessment should be conducted at the three different moments of the employment period in the company:</p> <ul style="list-style-type: none"> <li>• when being recruited,</li> <li>• in the course of employment,</li> <li>• when being dismissed.</li> </ul> <p>Every stage of assessment involves different objectives and criteria:</p> <ul style="list-style-type: none"> <li>• competencies,</li> <li>• effectiveness,</li> <li>• behavioral.</li> </ul>  | I. Chyra | <p>Apart from the ones listed by J. Łucewicz:</p> <ul style="list-style-type: none"> <li>• appealability – the employee has the right to disagree with the assessment and to appeal from it,</li> <li>• professionalism and objectivism of the assessment process,</li> <li>• formalization – all assessment documents should be filed in the personnel department,</li> <li>• confidentiality,</li> <li>• usefulness – the assessment results are considered by personnel policies,</li> <li>• uniformity – the results can be compared,</li> <li>• coherence – staff assessment is interrelated with personnel processes.</li> </ul> |
| M. Sidor-Rządkowska | <ul style="list-style-type: none"> <li>• the assessment takes into consideration the individual performance of the employee who should be informed about the period of assessment and its criteria,</li> <li>• the assessing party should focus mainly on the individual features and skills that are required at a particular position,</li> <li>• attention should be paid to the responsibility range and the opportunities for individual decision-making at a particular position,</li> <li>• the needs and expectations of the employee should be discussed as well as the opportunities for development,</li> <li>• ways and forms of further training should be defined.</li> </ul> |          |  |

Source: based on K. Kubik, *Kryteria oceny pracowników współczesnych organizacji*, Zeszyty Naukowe Uniwersytetu Przyrodniczo-Humanistycznego w Siedlcach No. 103, Seria Administracja i Zarządzanie 2014, p. 91; J. Łucewicz, *Ocenianie pracowników* [in:] T. Listwan (ed.), *Zarządzanie kadrami*, Wydawnictwo C. H. Beck Warszawa 2004 pp. 213-214; A. Poczowski, *Zarządzanie zasobami ludzkimi: strategie - procesy - metody*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2007, pp. 230-233; I. Ochyra, *ISO w praktyce. System ocen okresowych pracowników*, Wydawnictwo Wiedza i Praktyka, Warszawa 2013, p. 4; M. Sidor-Rządkowska, *Kształtowanie nowoczesnych systemów ocen pracowników*, Oficyna a Wolters Kluwer Business, Warszawa 2013, p. 20.

In conclusion, the final assessment that is not objective and just (too high or too low) may be harmful to the employee who is subject to assessment procedures.

### 3. Methodology of the authors' research

The research concerned the staff of the Chemtex Ltd company which has been operating on the Polish market for almost 15 years. It was founded by a merger of several state companies in the chemical sector. At present it is a part of an international corporation – one of the biggest manufacturers of industrial chemical products. 40% of the staff are women. Almost 46% and 35% of the employees are university and high school graduates, respectively. The remaining ones have either vocational or primary education<sup>6</sup>.

<sup>6</sup> Materiały wewnętrzne firmy Chemtex sp. z o.o.

In line with the Company rules, the top- and mid-level managers have higher education, while other managers have either higher or secondary education. The Company employs 69% and 31% white-and blue-collar workers, respectively.

For the research method a diagnostic survey and an observation procedure were chosen. The research techniques included surveying and primary quality research – an uncontrolled participant observation; the tools - the notes from the observations and the survey questionnaire, with the application of the Paper and Pencil Interview (PAPI) technique.

The research covered 30 white-collar workers aged 25-65 who were subject to the Company annual assessment for 5 subsequent years. The research was conducted in April 2017 in Company Headquarters.

Due to a limited space of the article, only the most important questions from the survey questionnaire are presented below.

#### **4. Analysis and conclusions from the survey research conducted among the Chemtex Ltd staff.**

At the beginning it was necessary to check whether the employees knew the principles of the Company staff assessment. It turned out that 100% knew them, which indicates that the Company correctly informed their staff.

The next question concerned the assessment as a demotivating/motivating factor. 41% of the survey participants considered the assessment as a motivating factor, while for 59% respondents the assessment was either neutral or demotivating, which may testify to the lack of courage to express opinions and make judgements in the presence of superiors, to the desire to withdraw from the assessment procedure or to a decrease in staff commitment.

The answers to the question *Do you think you are fairly assessed?* show that almost 57% employees feel that their assessment is fair, 16% feel that their assessment is unfair and 27% have no opinion. In this case it is important that the assessing party is objective – without an objective assessment of the employee competencies, knowledge and skills the manager may make the staff feel demotivated and their commitment decreases.

Another question concerned mistakes made in the assessment process. Over 50% of respondents complained about the lack of consequences that should follow the assessment and 30% of them stated that the assessing person was not objective. This is probably due to the fact that managers look at the employees through the prism of their own ideas, experience and expectations which is the most common mistake. It may also be caused by the lack of

knowledge about particular behavior and competencies that are considered by the Company as indispensable in particular work positions.

With reference to the desired functions of a staff assessment, a question was asked about the expectations of employees regarding the assessment procedure. Over 66% of respondents expected an objective assessment of their work, 55% - a financial gratification, 43% - a feedback on their work, 40% - an appreciation from the boss, 33% - professional development, 30% - the opportunity to express their own opinions, 13% - promotion.

The results show that apart from various financial gratifications some other non-financial benefits are important for the employees which can be provided by the employer without any additional costs.

Thus, the necessary factors that influence the employee's commitment are an objective assessment of the work, a supporting comment on the part of the superior and a feedback. These are the tools that should be applied by managers in everyday work. A properly conducted assessment constitutes a compendium of information for the employee on his/her strong and weak points, the superior's expectations and requirements and the opportunities for further development; it confirms the employee's self-assessment or indicates the need for self-corrections. A proper assessment meets the need for appreciation and when it is positive and adequately presented, it increases staff commitment and motivation. The assessment should be used by managers as a motivational tool – having received the results, the above-average employees should have the sense of appreciation and this fact should be clearly conveyed<sup>7</sup>. After the assessment procedure is completed, the employee should know exactly what he/she does properly and what has to be corrected. The targets should be clearly defined and realistic with regard to the energy and time that the employee wants to and can spend on professional development. It is important that the employee is made aware of the fact that training is not the only way for development. There are also such methods as learning on the job, reading books and articles, listening to audiobooks and watching videos that are related to particular fields of interest.

Managers must keep in mind that it is wrong to concentrate on mistakes and analyze them detail and then expect the employee to know how to meet the superior's expectations. Obviously, the manager should clearly recapitulate the employee's mistakes; however, this should only precede the arrangements for the future. It is also important that employees should show initiative – they will identify with the ideas that are presented by themselves and feel

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<sup>7</sup>A. Stabryła (red.), *Zarządzanie w kryzysie*, Wydawnictwo Mfiles, Kraków 2010, p. 130.

responsible for their accomplishment, which will result in a successful achievement of the targets. Such an approach is extremely motivating and the employee receives from the manager a positive reinforcement and green light for his/her ideas and solutions.

Seneca saying that *When a man does not know what harbour he is making for, no wind is the right wind* presents the concept that should be applied by managers in human resources management – they should always remember to express clearly their expectations from the inferiors in order to avoid the decrease in the commitment level<sup>8</sup>.

## Conclusions

When deciding on the implementation of a formalized staff assessment procedure, the employer should remember that apart from the costs involved he will have to ensure that both the managers and the workers will intend and be able to use PSAS in practice. The procedure cannot be left without supervision with the hope that it will result in measurable benefits.

As the results of the research show, the current situation in the Company is not ideal despite a correct implementation of the assessment process. First of all, the managers should be reminded that a direct and well prepared interview with the employee is the basic element of the assessment process. To do it properly, the manager should collect on regular basis the information about the work of the inferiors and in the course of the appraisal interview the whole assessment period should be discussed.

The appraisal interview is also the time for defining the targets and development activities in the coming period or – if the assessment result is below the employer's expectations – the moment when a recovery plan can be determined. The manager should be aware of the fact that the assessment process is the superior's motivational tool.

The fact that almost 60% employees stated that the assessment was a neutral or demotivating factor may mean that PSAS does not play its fundamental function. That is why it is necessary to change the situation by preparing and organizing workshops that would show how important assessment processes are to employees and the employer. First of all, managers should be aware of the assessment objectives; it is a common mistake that employees receive overstated ratings to avoid conflicts and to please them or that managers are susceptible to pressure from employees. The change of the managers' approach and attitude to the assessment

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<sup>8</sup> J. Penc, *Zachowania organizacyjne w przedsiębiorstwie. Kreowanie twórczego nastawienia i aspiracji*, Wydawnictwo Wolters Kluwer Business, Warszawa 2011, p. 74.

interview will be a major challenge as it will require a change in the way of thinking, well developed social competencies as well as time and support from the HR department.

The managers should also be made aware of the fact that their conduct and attitudes serve as the example to their employees. *A good manager is one that has a personal ethos – i.e. what they say is coherent with what they do; and this what they say is generally accepted as valuable and good*<sup>9</sup>. Present-day managers face challenges that require a quick reaction to changes and the need to adapt to new situations, to provide the inferiors with the sense of stability and to participate in trainings that develop their competencies, particular the social and emotional ones without which further development may be impossible.

As the employees cannot see the connection between the assessment results and the processes/operations in the Company, it seems necessary to take measures that would result in connecting the assessment with future decisions. At present, the measures should not concern financial aspects (due to the lack of objectivity of the assessing party and divergent feelings of the staff as regards a correct evaluation of their work contribution); however, it seems essential that the managers' approach to the assessment procedures should be changed, their awareness and sense of responsibility in this field should be increased and only in the next step financial decisions would be related to the assessment results. However, it is acceptable that non-salary motivational elements are introduced simultaneously to the training of the management staff and in line with the expectations of the staff. A constructive feedback, the superior's appreciation or the possibility to express their views without the fear of a negative reaction do not require any additional financial resources and constitute a priceless way of improving their effectiveness, commitment and motivation. As regards HRM, it is crucial for the proper functioning of the Company to create atmosphere that supports open communication, staff commitment, honesty, mutual respect, frequent talks with inferiors, sincere praises, the appreciation of even insignificant successes and a clear presentation of the expectations about the tasks assigned.

The conclusion is that staff assessment makes sense only when both the assessing and the assessed ones are fully aware of the functions and objectives of the assessment. The assessing party should have appropriate skills and competencies to conduct the process and

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<sup>9</sup> D. Ambroziak, M. Moj, *Oszustwa i nieuczciwość w organizacji*, Oficyna a Wolter Kluwers Business, Warszawa 2013, p. 89.

managers should remember that all employees have potential for maximum achievement and it is the leader's task to find out where it comes from and to respond to it<sup>10</sup>.

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<sup>10</sup> K. Blanchard oraz współzałożyciele i konsultanci The Ken Blanchard Companies, *Przywództwo Wyższego Stopnia*, Wydawnictwo PWN, Warszawa 2007, p. 85.

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**Abstract**

It is commonly known that employees are a crucial capital for their employer and no organization can operate properly without their knowledge, skills and, first of all, loyalty and commitment. A simple way to keep an employee in the company may be sometimes to change the manager's attitude and to talk openly with the employee. Perhaps it will be enough to offer some training that will develop employee's competencies and expertise or to talk about emerging problems on an on-going basis. Employees frequently need a word of praise or appreciation from their superiors and they may be frustrated if they do not get it. One can often hear the opinion that employees hand in their notices because of their superior and not the company itself. Thus, as regards the Company under investigation, it seems obvious that the managing staff should be made more conscious of their responsibilities; their duties that are not related to management itself should be limited so that they have more time and opportunities for an individual approach to every employee and for the search and implementation of adequate incentives, not speaking of a sincere conversation. In consequence, they would get the impression that staff management is a difficult but satisfying area of their activity and they would look for the best solutions leading to an increase in staff commitment and satisfaction. They would find time for more frequent meetings with their inferiors in line with Dale Carnegie's rule that *The only way on earth to influence other people is to talk about what they want and show them how to get it*<sup>11</sup>.

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<sup>11</sup> <http://www.hillway.pl/cytaty-praca-zarzadzanie-motywacja-komunikacja-szkolenia-biznesowe/> (Accessed: 28 December 2017).