THE NEED AND OPPORTUNITIES FOR PERFORMANCE ASSESSMENT IN HIGHER EDUCATION

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Abstract:
Motivating employees is one of the highly important areas of human resources management (HRM). As people are best motivated by their intention to satisfy their own needs, the task of HRM is to satisfy the employees' need for remuneration in a fair and just manner. This can be achieved if an organization operates a formal and professional system of performance assessment. The importance of having such a system in place is further confirmed by the fact that six out of the seven large Hungarian corporations reviewed operate a global system of performance assessment. In areas where intellectual activity plays a dominant role, as is the case with higher education, omitting an evaluation of the performance of „white collar workers" is, of course, out of the question. Satisfying the employees' need for fair remuneration in the public sphere, including higher education (HE), is essentially hindered by a lack of evaluating individual performance and, hence, performance-dependent wages and financial benefits derived from extra performance. Given the centrally determined and uniform wage schedule, there is almost no opportunity to differentiate between the performance of one person in a given wage category and another. This entails, at least for a large part of public employees and public servants, a lack of drive to perform better than average. These people could be forced to make greater efforts only by way of measuring their performance on an individual basis and applying a wage system that would rely on individual output and represent a system of wages that would be both differentiated and motivating. In the first part of my paper, I will present the performance assessment methods applied by the large Hungarian enterprises included in the investigation. The second part will deal with the issue of how all of this can be actually implemented in HE.

Keywords: performance evaluation, human resource management, higher education

Introduction

Motivating employees is one of the extremely important areas of the science of management, in particular, human resources management. Its importance is obvious: no matter how clearly the objectives are specified for the employees and regardless of the availability of all necessary resources and all conditions for cooperation, no appropriate results can be expected from an employee who lacks dedication to perform highest quality work with the necessary intensity. [1]

People are best motivated by their intention to satisfy their own needs, therefore appropriate motivation requires familiarity with their needs. At the heart of a number of need theories (for example, Vroom's and Porter-Lawler's expectancy theory, Adams' equity theory), there is the idea that people predominantly expect to perform well as a result of their own efforts, and also to get rewarded for this. When performance or reward are not commensurate with the effort, employee motivation will decrease, which in turn entails less effort. One does not simply expect to receive a reward that is in line with his efforts but also that it is appropriate *in comparison with those of others*.

In order for an individual to receive fair reward compared to his and others' efforts performances should be measured on a continuous basis, in other words, regular performance assessment is needed. Of course, each organization applies some kind of performance assessment, nevertheless, a performance assessment that is accomplished spontaneously, according to informal and not clearly specified aspects, is not just unsuitable for its purpose, it can even have a number of negative effects.

Irregular and occasional remarks, extemporary solutions may have the following undesirable consequences: - employees are demoralized by the inequity resulting from reward that is disproportionate with performance; an organization cannot have its employees meet the requirements; individual capabilities may not become manifest owing to lack of motivation; reasons for poor performance and, hence, opportunities for advancement, may remain concealed.

Benefits that can be derived from formal performance assessment include the following: allows for reward that is commensurate with performance, thereby it strengthens the employee's sense of justice; promotes the realization of the organization's requirements; has a positive effect on employee motivation; provides guidance for the management with regard to purposefully develop their subordinates' performance and activate their hidden capabilities [2].

The importance of performance assessment is further confirmed by the fact that six out of the seven large Hungarian enterprises reviewed (members of the Top 200) apply performance assessment; each of those six companies operate a comprehensive system of performance assessment. According to an often-heard — in my view, false — opinion, mainly the performance of blue collar workers should and can be measured. Regardless of the organization involved, the performance and motivation of the white-collar workers is at least as important for the overall efficiency of that organization as that of its blue collar workers. This is justified, for example, by the fact that 2 of the large enterprises measure the performance of their white collar workers only, and there is only one large-sized company in which only blue collar workers are assessed (3 large companies evaluate both groups). Of course, in organizations where intellectual activity plays a dominant role (and that is typical of HE), assessing the performance of „white collar workers" cannot be ignored. While measuring the efficiency of intellectual output is more difficult than determining the performance of a factory worker producing items that appear easier to quantify, there are a number of methods in use and operated by five of the large enterprises contacted that are suitable from the point of view of assessing performance that cannot be expressed in terms of numbers (see the next chapter for a presentation of the methods applied).

I find it important to emphasize the fact that performance assessment should be targeted not to individuals alone; rather, it should be extended to incorporate units within an organization and also organizations as a whole. If the performance of a unit within an organization is not included in the assessment, it is impossible to determine the contribution of each unit to the success or failure of an organization, therefore, a possible measure cannot be implemented in an efficient way either. Assessing the performance of an organization as a whole is necessary in order to ensure that the objectives of the organization are met in a timely manner.

Objectives, importance, and methods of performance assessment

Formal performance assessment is a system in which the extent to which employees comply with their job/task requirements is assessed on a regular and principled basis and the findings of which are communicated to the employees concerned. A performance assessment may be used, among other purposes, for promoting and rewarding individual efforts; identifying individual training needs; determining an employee's strong and weak points and keeping track of his or her development; planning labour force; making information available with regard to promotion, replacement, relocation, and discharge; reviewing job descriptions, working objectives and requirements; and, finally, making employees aware of the way their performance is assessed by their organization.

The importance of this latter aspect is demonstrated by the fact that the employees in each of the six companies reviewed receive written and oral feedback regarding the findings of the performance assessment.

As the above list indicates, performance assessment can be accomplished with two goals in mind: evaluation and development. Three of the companies use the findings of assessment for both purposes, 2 has only development and one only evaluation as the ultimate goal of performance assessment. In particular, 4 of the companies use the findings of performance assessment to compile training schedules, 2 for the purposes of specifying professional careers, 1 for establishing wages and 1 for managing conflicts.

What is to be assessed?

In the ideal case, exact numbers are available to measure efficiency for the purposes of performance assessment. However, this is difficult to accomplish in most intellectual jobs, especially in the institutional sphere. Therefore, objective data needs to be replaced with different types of criteria. Here belong the quality of work, knowledge of the job, presence, punctuality, reliability, initiatives, inclination to cooperate or provide assistance, assumption of responsibility, assiduity, working capacity, etc. The performance factors that are typically assessed include the following: knowledge, capabilities, and expertise applied in the course of work; attitude to work in terms of inspiration, dedication, and motivation; quality of work measured on a continuous basis; quantity produced; relations with fellow employees [3].

When determining units of assessment, the following options appear available: individual properties, personal features; individual behaviour and activities; individual achievements (output); results attained by the given unit or team of the organization; results attained at the organization level [4].

What methods are to be used for assessment?

The techniques most frequently used for the evaluation of individual performance are the following:

Hard methods:

Grading scale

The assessor lists the performance factors that he considers as the most important ones and evaluates their realization by assigning a grade to each factor on a scale from 1 to 5, adds up the numbers thus obtained and specified individual performance using a concrete figure. A scale like this may be compiled, for example, in the following way: unacceptable and making no progress – 1, not yet acceptable but making progress – 2, just acceptable –

3, performing above requirements – 4, performing well above requirements – 5. This method, combined with an appropriate selection of performance factors, can also be applied to assess the performance of those doing intellectual work.

Work norm

The manager specifies a normal production output for his or her subordinate in the form of a time- or item-related norm and monitors the achievement of that norm. Such a method can be applied mostly in the case of blue collar workers and in some specific jobs requiring intellectual work (e.g., a typist); management science, however, considers this method of evaluation applicable even to the workers mentioned in combination with other methods.

Soft methods:

Essay

The assessor identifies in a written report the strong and weak points of the person being assessed in such a way that he specifies in advance the aspects to be taken into consideration in relation to all employees. This method is well suited to assessing the performance of intellectual workers.

Critical case method

The assessor collects and records exceptionally favourable and extremely bad (critical) cases of the work behaviour of those being assessed. Again, this method is well suited to assessing the performance of intellectual workers.

Grading scale based on behaviour forms

By combining a conventional grading scale with the critical case method, the assessor tries to identify cases for excellent, average, poor, etc. behaviour for each performance factor. This method is also well suited to assessing the performance of intellectual workers.

Behaviour monitoring scale

The assessor describes the behaviours that represent the most important elements of the given job and indicates the frequency with which the various elements of behaviour occur regarding the person being observed in the period of assessment. This method is also well suited to assessing the performance of intellectual workers.

Objective-orientated management

The manager and the subordinate together specify the objectives that the person being assessed is expected to achieve in a given period, then they evaluate the realization thereof also together. This method is also well suited to assessing the performance of intellectual workers.

Self-evaluation

This method can be applied successfully as an additional method of assessment. It appears especially useful when the result of self-evaluation is compared to managerial assessment and the relevant conclusions are drawn mutually. This method is also well suited to assessing the performance of intellectual workers.

Evaluation discussion

Following preliminary preparation, the manager discusses, with the person being assessed, his performance, the underlying reasons and the opportunities for development. This method is usually applied efficiently when used after other methods. This method is also well suited to assessing the performance of intellectual workers.

Methods used to assess several persons at a time are the following:

Ranking

Here, the assessor is required to establish a rank of his subordinates, from the best to the worst. This method is not well suited to assessing the performance of some intellectual workers (e.g., academic staff) because of the diversity of the aspects of assessment.

Forced division

The assessor divides subordinates into various performance categories according to a pre-specified proportion. This method is not well suited to assessing the performance of some intellectual workers (e.g., academic staff) because of the diversity of the aspects of assessment.

Of course, performance assessment provides a true picture of employee performance when the employees are evaluated using more than one method. This is the strategy followed by each company reviewed. Three of these companies apply both hard and soft methods, 1 uses soft methods only, and 2 of the companies apply only hard methods. 5 companies apply exclusively individual assessment, while 1 company also performs group assessment. Six companies apply evaluation discussion, 4 use grading scales, 3 of them utilize a grading scale based on behaviour forms, objective-orientated management, behaviour monitoring scales, grading scales based on behaviour forms, and self-evaluation are each applied by two companies, and one company uses ranking and forced division. Specification of individual targets is applied by each of the companies reviewed. Evaluation discussions usually take 30-60 minutes, one company spends 20-30 minutes on such discussions, and one assigns 60-90 minutes to such discussions. The fact that the same methods are applied to assess the performance of white collar workers and blue collar workers proves that the performance of intellectual workers can be measured identically to that of blue collar workers.

Who should assess?

An organization may decide on commissioning an external expert to perform the assessment; alternatively, the organization may accomplish the assessment by itself. The large enterprises reviewed all perform the assessment themselves and they intend to do so in the future as well. (It should be noted that 4 of the companies resorted to external experts in the elaboration of their performance assessment system.) When an organization performs assessment by itself, the first-line supervisor of a subordinate is typically in the best situation to monitor and evaluate the subordinate's behaviour. As a result, in most cases – actually, in all of the large companies reviewed – it is the first-line supervisor who does the assessment. In recent years, however, there have been more and more supporters of the use of multiple rating sources, incorporating the opinion of various evaluators, the so-called 360-degree solution. An evaluator may be a senior manager, a peer, a customer, etc. While this method is obviously more time-consuming and complex (perhaps that is the reason why none of the large enterprises applies 360-degree assessment, although one company reported that they were considering the introduction of a full circle system), it nevertheless has a number of advantages:

- it provides a more precise and complete picture of an employee's performance
- eliminates any bias that may be inherent in evaluations performed by one assessor only, therefore it is fairer
- improves team spirit
- allows for evaluation by those who are affected by the activity performed by the person being assessed

Management science considers so-called evaluation from the bottom up an important method where subordinates evaluate their superiors. This method can be applied successfully if an organization is confident that its employees are honest, fair and capable persons, or the subordinate hidden in anonymity will not take revenge on his or her supervisor who may require more than he/she accomplishes [5]. However, the companies involved in the study do not utilize this method either.

In the event of organizations whose basic activity is related to services, rather than production, it is a must to allow customers to evaluate the performance of those who they get into contact with, since keeping the customers satisfied is the most important performance factor in such a case.

When should assessment be performed?

According to management science, assessment is appropriately performed once a year for employees admitted some time ago, while those admitted recently should be evaluated at more frequent intervals, about once every half a year [6]. 5 out of the large enterprises studied conduct assessment on a yearly basis, while one performs evaluation aimed at development annually, and evaluation rating is done every half a year.

The need and opportunities for performance assessment in HE

Satisfying the employees' need for fair remuneration in the public sphere, including HE, is essentially hindered by a lack of evaluating individual performance and, hence, performance-dependent wages and financial benefits derived from extra performance. Given the centrally determined and uniform wage schedule, there is almost no opportunity to differentiate between the performance of one person in a given wage category and another. Thus, the need for appraisal of employees with outstanding performance remains basically unsatisfied in the public sphere. Whether these employees compare their „reward" with that of a peer who is assigned to the same public employee category but works much less or to the salary of a person with similar skills but working in a different sphere, chances are they will find their own reward anything but fair. As a result, the public sphere appears little suited to satisfy the need to grant more reward for those performing more and better. For a large part of public employees and public servants (including those who typically derive less motivation from their dedication to their specific work or those with average abilities or particular conditions which prevent them from rising to the considerably higher upper wage categories or leading positions), this entails a lack of drive to perform better than average. These people could be forced to make greater efforts only by way of measuring their performance on an individual basis and applying a wage system that would rely on individual output and represent a system of wages that would be both differentiated and motivating.

As far as Hungarian HE is concerned, decision-makers appear to realize that the mechanical and rigid system of public employee wages is to be changed in order to provide for a HE that is more competitive, efficient, and attractive for quality work force. Furthermore, the first versions of the reform programme of the Ministry of Education even included the intention to eliminate the status quo of public employees. However, there appear to be no ideas, let alone, efforts, in sight that would pave the way toward the introduction of a performance assessment that could serve as a basis for a differential wage system. On the other hand, an informal, unregulated and unsystematic, therefore uncontrollable wage system based on subjective evaluation would take Hungarian higher education even farther from an optimum solution than it is today. Thus, efforts should be made in order to introduce formal and professional performance assessment in Hungarian HE as well.

What is to be assessed?

The most commonly raised argument against the performance assessment of employees in higher education relates to a lack of readily available and exact methods to rate the efficiency and output of their work. While this may be true for some of the activities they are engaged in, university instructors perform work whose output has a number of quantifiable elements. Here belong, For example, scientific output or success in submitting winning proposals. In most universities, a system has been elaborated and applied to measure the quality of teaching which students use to assess their instructors' work on the basis appropriate performance factors established upon consensus of those involved. In addition, there are also other performance criteria that can be applied to university instructors, of course, including job experience, presence, punctuality, reliability, initiatives, inclination to cooperate or provide assistance, assumption of responsibility, loyalty, inclination to self-training, flexibility, assiduity, working capacity, etc.

As far as individuals working in HE are concerned, I find assessment of the following factors necessary:

Instruction-related activity: due delivery of classes; preparation for classes; integration of recent scientific results in the learning material; pedagogical methods applied; methodology applied; provision of auxiliary materials; readiness to assist students; fair checking of acquired knowledge.

Scientific activity: scientific progress; publication activity; results attained in research; results attained in submitting proposals.

Miscellaneous: preparation of students, thematic guidance; preparation of textbooks and other learning aids; participation in department activities; development of individual skills (language learning, computer literacy); establishing and maintaining educational and scientific relations; acquisition of resources; other performance factors not specific to higher education (see above).

As for the various units of the organization (department, institute, etc.), the following items need to be assessed: compliance with training objectives; efficient and economical operation; scientific output; development of human resources; generation of own revenues; participation in tasks at the organization level.

At the level of the organization as whole, the following items need to be assessed: compliance with training tasks (enrolment of a sufficient number of students, student satisfaction, content of training offers, level and infrastructure of instruction, the value of the diplomas issued, market position); scientific performance (scientific qualifications, research conditions, success in submitting winning proposals, scientific cooperation); economic performance (cost-efficiency, changes in own revenues).

What methods are to be used for assessment?

As far as HE is concerned, individual evaluation should be sufficient; comparative assessments of several employees may be required in cases where decisions concerning the staff (e.g., discharge) are to be made. Aside from work norm, in principle, all of the methods presented above appear suitable for the evaluation of the employees' performance in HE. Methods based on the monitoring of behaviour are difficult to implement in practice because the first-line supervisor in not present at all times owing the to character of the activity (instruction). I find essays prepared on the basis of specific aspect, objective-orientated management, and evaluation discussion most appropriate for the given purpose. The application of grading scales – regardless of all its disadvantages – is suitable for comparing individual performances within each unit of the organization and may yield more specific results than those provided by soft methods.

SWOT analysis appears more appropriate for an evaluation of units of organization and whole organizations, occasionally supplemented by public opinion or market research. For units of an organization, elaboration of a grading scale may be appropriate, suitably supplemented by a self-evaluation prepared by the head of the given unit. In addition, the top manager should assess the above performance factors on the basis of the essay method compiled according to the specific aspects.

Who should assess?

Due to the service-related activity pursued in HE, only performance assessment carried out by multiple assessors can provide the necessary result. Being the consumer of the services and the subject of training, the student is one of the most important assessors. This issue appears settled in Hungarian HE; by and by all institutions will be compelled to introduce evaluation of its instructors by students. On the other hand, there are concerns connected to the fact that the majority of the institutions do not have considering the application of other formal means of performance assessment on their agenda. Assessing the performance of a HE employee as an instructor solely on the basis of the students' opinion cannot be accomplished. To mention but a few of the seemingly unsolvable problems inherent in the assessment of the instructors on the basis of student evaluation, a student may provide an opinion even if he or she has not attended a single class or lecture of the instructor; some students tend to formulate a more negative opinion about tougher instructors, others may even want to take revenge for some hurt they have suffered. Furthermore, group dynamic features like conformity are also manifest in the course of formulating student opinion. These factors may draw a rather distorted picture of the instructor on the basis of student opinion alone. Therefore it is absolutely necessary to have the immediate supervisor's assessment available on the basis of the performance factors listed above.

Instructors' scientific output can be evaluated in a relatively simple and exact way using self-evaluation, thus it can be assessed by the individual concerned. The system of aspects to be used has been elaborated and tested in practice. A step forward could be made in this area if scientific results were evaluated on the basis of a system of identical scoring across a university or in a field of science on the national level, thus outputs could be comparable on the institutional or national level. At present, a publication may be assigned a score five times higher in one faculty than the other. It is important that the output of young researchers working under the guidance of a senior researcher be evaluated also by the thematic leader of research group leader. They should focus not so much on the output as on the efforts made in order to achieve it.

As far as the evaluation of miscellaneous activities is concerned, that is obviously a task for the first-line supervisor. Nevertheless, a 360-degree assessment where peers could mutually evaluate each other's performance at the department or in the institution would also be useful.

The output of unit heads as instructors, researchers and leaders should be assessed by competent faculty leaders (vice-deans of educational, scientific, student, public relations, and financial areas). Here, evaluation from the bottom up, i.e., assessment by subordinates, appears also necessary.

Performance assessment of units should be performed by unit leaders (self-evaluation) on the one hand, and top managers of the organization, on the other hand. Assessing the whole organization is again the task of the top managers of the organization, nevertheless, obtaining the opinion of medium-level leaders and, at specific intervals, employees may also appear useful.

When should assessment be performed?

The activities of junior instructors and researchers should be performed once half a year, while annual evaluation may be appropriate for the other employees and the unit leader. In case of senior instructors, evaluation may take place once in two years. The proper frequency to evaluate the output of unit leaders and also of the units themselves is once a year. The organization as a whole should be assessed annually in terms of some specific factors (e.g., changes in enrolment, economic output), while performing a SWOT analysis that relies on the opinion of the employees may be reasonably scheduled for longer intervals.

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APPENDIX:

Corporations studied during the research:
Matáv Rt.
MÁV Rt.
Globus Rt.
Sara Lee Rt
Richter Gedeon Rt.
Ericson Magyarország Kft.