

Types of Approaches in Assessing Individual Performance. Case Study: Banking Organization in Lebanon

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Abstract

In order to be effectively and efficiently transformed into the results desired by all stakeholders, organizational strategies must be coupled with management and performance measurement systems that are able to sustain the desired results. The notion of performance management is a broad and comprehensive one, because it involves different aspects. This paper addresses issues related to individual assessment performance, considerations related to the elements of organizational system and organizational development. The concern for the appreciation of individual performance is not only of the companies, the political factors from many developed countries are preoccupied with the introduction of performance systems that would contribute to the increase of the organizational performance, unfortunately, with a limited effect.

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1. Introduction

The management of individual performance is traditionally based on the principle that what cannot be measured cannot be influenced. Therefore, within organizations, traditional thinking requires that both management processes and individuals be measured, evaluated, either through formal mechanisms: official procedures, or through informal mechanisms: opinions, perceptions, etc (Kim, 2003). The concern for assessing individual performance is not just of companies - policy makers in many developed countries are concerned with introducing performance systems that contribute to increasing organizational performance - unfortunately, with a limited effect, as shown in a meta- analysis on the impact of performance management (Gerrish, 2016).

Context is vital to understanding things. The organizational context is dynamic and results in human relationships. In other words, if the context has no meaning for those involved, then they will not really get involved in the process. When evaluation is performed in the form of a standardized process, it will have no practical value for people (Barbieri, Girosante & Valotti, 2017). For the design of

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individual performance assessment processes and systems, the methods and tools used must be chosen involving managers of different hierarchical levels as process owners, who will assume this role only if the different levels of context are discussed in an open and transparent way, understood and accepted. Similar to the innovation processes that take place in many companies, individual performance assessment systems can create organizational knowledge when based on an appreciative approach (Andersson, Rankin & Diptee, 2017).

Companies operating in competitive industries, where innovation and change is driven by fierce competition, have learned to use their own practices as critical tools for knowledge generation (Girneata et al., 2015). A high-performance individual assessment system allows mid-level managers to synthesize the tacit knowledge of employees at their lower and higher levels, give them an explicit form and incorporate them into new managerial practices (Huang, Ma & Meng, 2018). Just as the incorporation of productive practices allows middle and senior managers to sustain a culture of innovation (Girneata & Potcovaru, 2015), individual performance management systems create managerial knowledge and practices.

2. Research Questions and Methodology

The present paper aims to answer the following main research questions:

1. What are the main types of approaches for individual performance assessment addressed in the literature?
2. How can evaluation be considered a development system for the employees?
3. How does a Lebanese banking company treat sub-standard performance of its employees?
4. What are the main steps for leading the correction process in an organization in the mentioned sector?

The current research used qualitative methodology in order to study the managers' behaviour in employee performance assessment system, namely a literature review was undertaken in order to identify the types of approaches in assessing individual performance and to illustrate how evaluation was considered a development system for the employees in organizations, as approached by other scientists in the field. Furthermore, a case study approach was utilised to present a detailed example of how a banking organization in Lebanon uses individual performance assessment. According to Baxter and Jack (2008), when a researcher focuses the study on answering "how" and "why" questions or he or she intends to illustrate the contextual conditions that are relevant for the studied phenomenon, a case study design is to be considered.

The case study was based on semi-structured interviews with human resources directors and managers at various levels within a bank with several branches in Lebanon. Data collection and analysis was done through successive iterations, in a cyclic process close to grounded theory, in which the collected data were compared with the incipient forms of some models, principles and theories.

The research was inductive, based on practices revealed in the literature and previous research.

3. Types of approaches for Individual Performance Assessment

Armstrong and Taylor (2020) show that in order to achieve the desired performance in the activity, it is necessary to use integrated human resources systems. At the individual level, individual performance is affected by two key factors: the ability, namely: talent, abilities, knowledge, of individuals to perform the tasks that lead to results and the rewards that the employee sees probable (Figure 1).

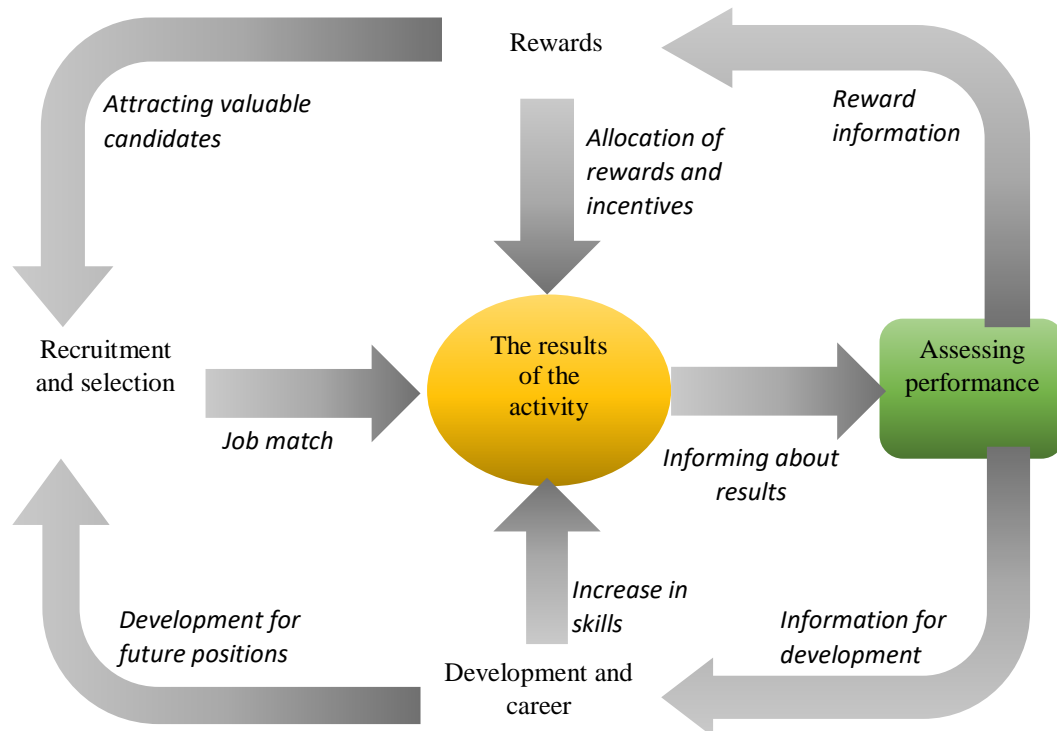


Figure 1. The link between the individual performance assessment system and human resources systems

Source: Diagram created by author, based on literature review

When a manager wants to appreciate the results or behaviours of an employee, he will look for (Khan, 2013):

1. Characteristics (stable features). These are usually personality traits or skills that are supposed to be unchangeable, for example, "He is a very dynamic person."
2. Flexible features. These are personality traits or skills that are supposed to change through experience or training.

3. Average activity. This is a summation over time of specific characteristics or behavioural outcomes, for example, "He always does a good job with our clients," "She copes with professional pressure very well."

4. Specific activity. This is an appreciation of specific situations: "She did well with the new client."

5. The future potential. This is an appreciation of the strengths and weaknesses relative to possible positions / promotions in the future.

By pursuing the results obtained in order to produce information for the organization, the interests of summative evaluations are achieved (Schay, 2007). Forms administered for performance evaluation in terms of company standards are an example of information collected to support summative evaluation. Most often the results of summative evaluations are recorded in the form of formal, written reports, usually presented in the form of a final report.

In the practice of individual performance assessment processes, assessments focused on providing feedback and information for development have a formative character. Learning that occurs during the processes of value production in the organization, challenges and strengths, can be used as useful information to improve practices, reorganize the way of thinking about how to achieve things and also identify steps for the future. Therefore, the purpose of formative evaluation is to provide internal feedback to improve practices while projects or tasks are ongoing, rather than waiting for them to be completed and perhaps not being able to use the information obtained. Formative evaluations often include both written and informal discussions of results and can be a valuable tool for identifying the need for timely intervention and assistance (Schlechter & Salie, 2012).

The best form of assessment is one that combines formative and summative assessment. For example, one of the most effective and best-performing evaluations is one in which results are provided to both external agencies but at the same time provide internal feedback for continued development and improvement.

The traditional perspective of assessing individual performance is one that involves obtaining results through a systematic approach using objectives, standards, and competencies, measuring them and providing feedback. A good management of the employees' activity presupposes the knowledge by them of the priorities in the activity they carry out, what they must obtain in terms of objectives and behaviours, the way in which they contribute to the performances of the teams they belong to and the organization. Based on the information generated by these processes, the organization makes decisions about employee development and reward.

Starting from the formative and the summative evaluation, the current most frequent managerial perspective is an instrumental one, which perceives two main functions in the process of assessing the performances: control, to measure (evaluative function) and employee development (development function).

The function of measuring the system for assessing the professional performance of employees involves assessing performance based on established

performance standards, and the information obtained is used in decisions to transfer, promote and pay employees. The development function of the individual performance appraisal system is oriented on improving the employees' performances by identifying the training needs, setting the performance standards for the future and some action plans in order to fulfil them, improving the current performances.

3.1 Evaluation as a development system

The system for assessing individual performance also generates information to support the improvement of employee performance by identifying individual development needs, setting performance standards for the future and action plans to meet these (Collins et al., 2017). Past performance is seen as a predictor of future performance, which can be improved either by corrective actions to develop skills or by identifying skills that are underutilized in the current role.

A useful approach is one aimed at the person's skills. This approach analyses the links between performance and the links with personal aspects such as personality, values, motivation, etc. A number of macro-skills are presented in the literature (Baradaran et al., 2019; Shet, Patil & Chandawarkar, 2019):

- Self-control,
- Focus on customer needs,
- Searching for information,
- Analytical thinking,
- Cooperation,
- Conceptual thinking,
- Flexibility,
- Initiative,
- Teamwork,
- Orientation towards achievement.

The degree of detail of the expected behaviours must be adapted according to the complexity of the job. These can be found in the practice of Lebanese banking companies with descriptions such as the following:

1. Achievement orientation - refers to the orientation towards obtaining results according to predetermined goals or objectives.
2. Initiative - taking proactive action to improve results or avoid problems, often by identifying new opportunities within or outside the sphere of influence of a project or initiative.
3. Focusing on customer needs - directing efforts towards discovery and then responding to expressed or in-depth expectations of internal or external customers.
4. Impact and influence - refers to the ability to persuade, influence or impress others.

Assessment systems of individual performance are standardized procedures adopted by organizations in order to regulate the behaviours of valued employees, but also of managers who perform the evaluation (Buil, Martínez & Matute, 2019). Managers who implement these schemes are required to comply and use the assessment procedure as a standard when it needs to be done. Through the evaluation procedures and accompanying standards, the organization defines, requests, and communicates desirable performance criteria, expectations, and behaviours. The evaluated person and the direct manager (or, in broader procedures, other persons affected by the evaluated person's activity, such as colleagues of the valued person or internal or external beneficiaries, etc.) are required to:

- Meet regularly
- Systematically reviews job priorities and roles, as well as key performance areas
- Focus on performance standards and clarified management modes of action
- Provide mutual feedback about the activity
- Plan, negotiate, agree and register within the provided forms (with paper and / or computer support) of the organization - kept by both parties as agreements.

Sometimes, evaluation systems are felt to be coercive and reflect only the point of view of the boss. Participants need to trust the evaluation process and the evaluator and find value and satisfaction in the process itself. The evaluated and the evaluator must be able to find tangible, meaningful results as a result of the evaluation activity, and think of practical ways to continue. Evaluation systems are often difficult to think about, implement and maintain. The organization that bears these costs expects individual and group performance to be significantly improved through an investment in a systematic, and therefore resource-consuming, evaluation. Evaluators must find the process useful and not very difficult and must obtain from the process a personal profit from the commitment and energy investment in the implementation of the agreed ones and a benefit from the personal response of those evaluated.

4. Individual Performance Assessment as a Correction System. Case Study: Treating Sub-Standard Performance

A concern of all companies and most managers is to deal with low performance situations and cases. The studied company operates in the banking field in Lebanon, with over 500 employees, is defined as being oriented towards obtaining results and performance, and follows cases of low performance in accordance with the group's values, but also respect for the data subject and its concrete situation.

The main interests in low performance treatment processes are:

- Signalling the situation of employees with poor performance;

- Their involvement in a correction process;
- Respecting and improving a structured process in performance management;
- Improving manager performance;
- Accepting the common responsibility of the person, the direct and organizational head;

The responsibility for leading the correction process lies with the direct manager, who can be assisted by the human resources department, by clarifying certain methodological aspects. The assistance of the human resources department is provided only at the request of the manager and may consist, for example, in support for documenting the process (by completing reports or annexes), or in some cases, clarifying the deadlines contained in the action plan. In all cases, the human resources department will be involved at the end of the improvement period, in case the decision is made, for example: to end the activity. There are four main steps, as presented below.

Step 1. Training the direct manager

The direct manager prepares with information and data collected during the period of low performance, including tasks or areas of performance and any indicators that have not been reached. The training aims, first of all, to highlight the positive results, of those tasks for which the employee reaches the standard level of performance. The analysis covers the key areas of performance, and does not stop at only the most obvious aspects. For this purpose, the job description is used to support the selection of assessment criteria and areas of activity that describe the employee's professional performance.

Step 2. Interaction with the data subject

The direct manager initiates a clarification discussion, based on:

- Responsibilities of the job description;
- Objectives set at the beginning of the evaluation period;
- Objective data generated during the period.

The discussion aims to review the most important tasks or responsibilities of the job. The obtained results, but also the behaviours associated with the fulfilment of the job tasks are analysed using the standard evaluation criteria for the respective activities and qualifiers are used:

- a) Exceeds the requirements: Professional performance that clearly and consistently exceeds the standard level of performance throughout the assessment period
- b) Meets the requirements: Professional performance that competently corresponds to the standard level of performance
- c) Needs improvement: Professional performance which, in certain situations, does not correspond to the standard level of performance

- d) Unsatisfactory: Professional performance which clearly and repeatedly does not correspond to the standard level of performance of duties during the entire evaluation period.

Step 3. Preparation of an "Action Plan to improve results"

For each area that needs improvement, negotiates and agrees with the data subject an action plan with associated indicators and means of verification to be carried out over a period of improvement of 1-3 months. This plan has an integrative role in the improvement process, representing a tool that allows the monitoring and evaluation of the results with deficiencies of the activity, but also the productive behaviours of the respective employee in the effort to improve the professional performances.

1. Identifying the problem.

The manager's interest is to determine the cause of the problem, namely whether the problem is: caused by professional performance (the employee does not have the necessary professional skills) or it is determined by behaviour.

2. Establishing performance aspects that need improvement.

The manager must emphasize on what skills need improvement, what changes are needed in the process of using the skills that the employee has already demonstrated and what types of behaviours need to be changed.

3. Setting priorities.

Information should be gathered regarding the possible consequences of the associated errors, the frequency of occurrence and their connection to responsibilities.

4. Identifying the standard performance level.

The standard performance level must be analysed to check whether the level is accessible, it is understood and accepted by the employee.

5. Setting goals and a long-term and short-term schedule for achieving performance or behaviour change with the employee.

6. Determining an action plan.

The manager identifies the actions through which he will support the employee in achieving the objectives within the set time period. The employee's responsibilities to facilitate the improvement of results are discussed and negotiated.

1. Fixing moments of periodic analysis - Data are established for monitoring and analysis during the period, and both the employee and the manager are aware and agree on the objectives of the analysis for each meeting.

2. Performance evaluation against the standard level - By discussion, it is determined whether the requirements have been met, not met or exceeded.

3. Establishing a personal file “Performance Improvement Plan” of the employee - The process will be documented with information, using as much as possible objective documents, that will identify both the improvements and/or the continuation of the deficiencies. The employee is encouraged to periodically review this file.

Step 4. Analysis of the results of the action plan

At the end of the previously agreed period, the direct manager will lead a new performance appraisal discussion, with the help of a standard annex provided by the company, which has both the purpose of clarification but also legal interests.

5. Conclusions

The procedure described above has the advantage that it is effective and efficient, clear and compliant. In terms of effectiveness and efficiency, it describes useful steps in an improvement-oriented process and leads to the desired results. The procedure provides clarity, presenting the interests of the procedure, the steps to follow and the key responsibilities for both the manager and the employee. It also shows compliance, being aligned with local legal needs and aligned with the company's other human resources procedures, but also with the company's values.

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