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The research and analysis on performance appraisal of corporate human resource system

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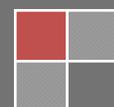
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ABSTRACT

The Performance Appraisal of the corporate human resource system is one of the most important topics during the current development of corporate modernization and also a crucial part of the human resources management. A reasonable and scientific performance appraisal system would be an important guarantee for corporations to train the personnel, motivate their working enthusiasm and optimize the allocation of resources. By focusing on small and medium-sized enterprises in China, this research analyzes the approaches and traits of their performance management on human resource and proposes specific performance appraisal methods.

KEYWORDS

Performance appraisal; Grade evaluation; Targeting.



INTRODUCTION

Under the current condition of steadily improving world economy and deepening globalization, the main economic driving force in China is shifting from the primary industry to the second and third industries and the development of the included enterprises will directly affect the nation's economy. Based on this reality, the management of various enterprises in the second and third industries, especially the performance management of human resource, is becoming a widely adopted and valued approach in most enterprises. This work concerns the realization of the employees' goals, stimulating working enthusiasm and optimizing the enterprise resources, which makes it an important method to boost enterprises' core competitiveness.

Faced with this undoubted reality, specialists and scholars in related areas both at home and abroad have made large quantity of researches and demonstration on corporate human resource system, for example, Taylor theory, Waldo proportion score, the Du Pont System and the Strategic performance evaluation system proposed by Atkinson in foreign countries. In China, Huacheng Wang's performance evaluation of three models, which consists of financing model, value model and balanced model, Yanyan Jia's environmental performance evaluation system and Xiaoyan Shi's Hierarchy comprehensive evaluation method are quite famous. Those worth-attention researches by scholars both at home and abroad provide crucial guidance for enterprise performance evaluation in human resources.

This research, by adopting approaches of literature search, contrastive analysis, filtering and sorting, aims to carry out an in-depth study on the performance appraisal of corporate human resource system and come up with new solutions and approaches which has a theoretical and practical meaning.

SUMMARY OF THE CURRENT CORPORATE PERFORMANCE APPRAISAL METHODS

Modern enterprise management in China has a relatively late start, but with the help of some advanced foreign experiences and large quantity of practice and demonstrations, several practical and convenient performance appraisal methods are well accepted by specialists and scholars both at home and abroad and various enterprises, which includes the following kinds:

Management by objectives

This kind of performance appraisal method specifies and objectifies the evaluation objects such as the work content, work plan and so forth. The evaluation objects also include the employees' understanding about their positions, management ability, work achievements, work attitude, work plan, remedial measures and so forth with the ultimate goal of achieving the employees' job targets (as shown in Figure 1). Because of the high pertinence of this method, it is widely applied to evaluate and assess professional and administrative staffs by enterprises and often has remarkable effects.

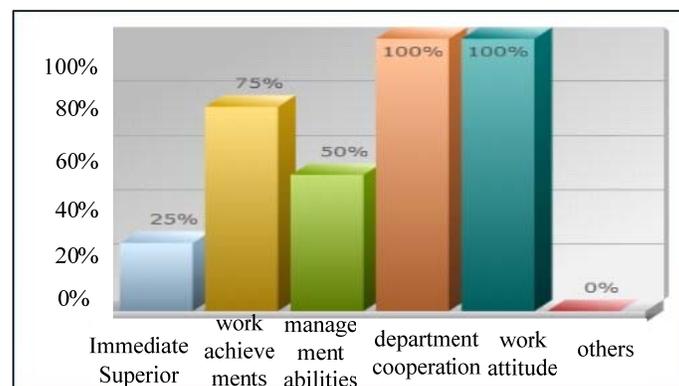


Figure 1 : Management by objectives

Questionnaire method

The questionnaire method can draw to an objective, comprehensive and accurate evaluation to the evaluation objects by asking employees, administrative staffs, clients and related partners to fill out questionnaires. It's an advanced and sophisticated method that is widely adopted by enterprises, featuring in high authenticity and small aberration. During the process of performance evaluation in some large enterprises, a third party will be invited to the evaluation, thus increasing the objectivity and accuracy of the evaluation results. But due to the larger workload caused by the involved staffs, evaluation procedures, results aggregation and other aspects, the funds and human input are relatively higher.

Written narrative evaluation method

Written narrative evaluation method evaluates the employees by describing the achievements, details and statues of their work by written narrative. We all know that everything has its pros and cons. The disadvantage of this methods lies in the possible inaccuracy of the written narratives caused by the valuers' disparity.

Chart-grading evaluation method

Chart-grading evaluation method mainly regards the employees' workload, attendance rate, professional knowledge, teamwork and other factors as scales and works out a relatively systematic and comprehensive evaluation on

the employees by means of numbers or words (as shown in Figure 2). This method also has some flaws such as the multiple evaluation factors and various charts. It's hard to formulate and execute because different employees have different understandings about the evaluation factors and determining the evaluation criterion has to take in various factors.

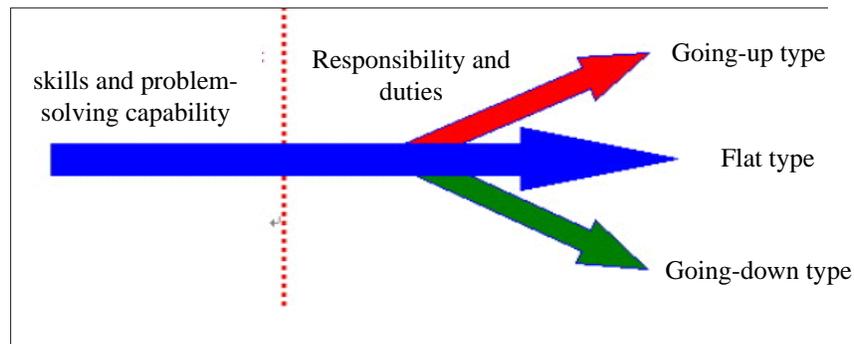


Figure 2 : Chart-grading evaluation method

Critical incident method

Critical incident method is an assistant performance evaluation method that is well received by most enterprises. It mainly makes positive or negative records on the evaluation objects' work or work-related behaviors in order to provide references for other performance evaluation methods. The disadvantage of this method lies in the lack of accuracy and clarity on the definition of objective criterion. On one hand, different employees have different understanding about critical incidents; on the other hand, the record of critical incident is an aspect or time-specific demonstration of an employee's behavior or judgment rather than a full presentation of the employee's daily working position and ability. Therefore this method is one-sided and relative to some extent.

PROBLEMS OF THE CURRENT CORPORATE PERFORMANCE APPRAISAL METHODS

With the corporate staffs as the evaluation objects, performance appraisal is a relatively subjective work. Since performance appraisal involves all aspects of the work of the evaluation objects and evaluation results will have a positive or negative effect on the objects, employees are usually sensitive about performance appraisal thus making it hard to be carried out. Nowadays, as the market economy is developing rapidly in our country, though great changes have taken place during the process of human resource performance management in enterprises, some problems still exist and they are hindrances to a healthy enterprise.

Results over feed-backs

On one hand, since the ideas and methods of performance management in human resource management system are relatively new to Chinese enterprises and administrators in some small and medium-sized enterprises don't have a deep understanding of this management method, the understanding and awareness of the people-oriented management idea of the employees' "self-fulfillment" are absent in the modern enterprise management mode; on the other hand, since the educational level, living environment and working experiences of different employees are different, their understanding and cooperation level of performance management are different, thus making it hard for the evaluation work to be carried out. Because of the above two reasons, performance evaluation work in most enterprises is still on the stage of evaluation rather than the evaluation results or feed-backs. Thus the performance evaluation is mere formality rather than a motivation or guidance.

Singularity of evaluation method and content

After making a general survey of all types of enterprises on the market, we find that sophisticated enterprises pay more attention to human resource management and performance appraisal and have a relatively more developed method towards it, but large quantities of small and medium-sized enterprises still lack a variety of evaluation method and content. Because of a relatively small size of the small and medium-sized enterprises, family business account for a large proportion of those enterprises. This kind of enterprises are usually affected by factors like "human feeling" or "guanxi" during the process of human resource management and performance appraisal and review or evaluation on employees are often carried out on one side by superiors. With this management and appraisal methods, the evaluation results are affected by factors like personal preference or bias hindering the realization of accuracy and scientificity. In addition, the singularity of the content and standards of the performance appraisal is a common problem in current enterprises. The competitiveness of market economy demands the enterprises to improve the productivity and business development, so some enterprises evaluate the employees solely based on sales while neglecting other qualities or abilities, for example their approval for the corporate culture, professional ethics and self-learning skill. In this way, the standard of employees' job performance is solely limited to professional abilities and the performance appraisal results cannot be brought into full effect.

Imperfection of performance-appraising system

In the market economy, during the process of market entities' strategic adjustment required by the market changes and fierce market competition, the employees are relatively slow due to the lack of understanding of the adjustment. Under this condition, the departments bellow often find it hard or even fail to meet the adjustment requirements of enterprise leaders. Thus the performance evaluation is mere formality because it fail to meet the requirements made by the current situation. Since the periodical evaluation is targeted towards the assessment of evaluation and work plan implementation, the standards and contents of performance management evaluation is imperfect to some extent, for example the absence of advanced management method such as the realization and management of job targets. The lack of a reasonable and specific standards has rendered the corporate performance evaluation to a mere formality.

THE METHODS TO IMPROVE ENTERPRISE PERFORMANCE EVALUATION

Concerned with the problems exist in the enterprise performance evaluation in China, we should solve the problem by taking the characteristics of the socialist market economy into account and establish a complete and comprehensive performance-appraising system.

Increase awareness

The aim of performance appraisal is evaluating the performance and sales of the employees to reflect their abilities and predict the development direction rather than creating disparity among the employees. During the process of performance evaluation, the evaluator should inform the evaluated the job targets and work ideas of each evaluation term so the evaluated is fully aware of his duties and his working enthusiasm should be mobilized. By adopting the transmission and amplification mechanism, the corporate culture and value are passed on to every employees. Only in this way, a truly excellent employee can stand out and a disqualified employee should be transferred or dismissed. At the same time, the results can be a good reference for production, supply, sales and finance departments when it comes to decision-making.

More accurate about evaluation goals

According to the modern management ideas, the priority of the performance evaluation is controlling the management process with the ultimate goal of improving their performance and corporate management by understanding and evaluating their performance. The employees should have the notification that individual income depends on their own effort and contribution and the profit they have brought for their company. Thus the evaluation can become a reasonable and subjective standard for the value distribution among the internal corporate staff. Adding qualitative and quantitative content to the evaluation goals can make the result more effective. (as shown in TABLE 1)

TABLE 1 : A evaluation method which is More accurate about evaluation goals

index type	index	score	final score	notes
qualitative index	(1) product storage and removal	10		
	(2) inventory calculation	10		
	(3) inventory management	5		
	(4) occurrence of dead stock	5		
	(5) management of dead stock	5		
	(6) inventory check	5		
quantitative index	(1) inventory rotation rate	30		
	(2) dead stock rate	15		
	(3) dead stock processing rate	15		
total		100		

Scientific evaluation standards

In enterprises, different positions have different demands upon the employees. Different demands cast challenges upon the employees' creativity. It is thus unimaginable to maintain an employee's working enthusiasm and created a competitive environment without a set of scientific and reasonable evaluation standards to analyze and determine the results.

So the evaluation standards should be complete, coordinate and balanced at the same time. Based on the principle of equal stress on integrity and ability, the evaluation content includes moral evaluation, ability evaluation, attendance evaluation, attitude evaluation, performance evaluation, learning ability evaluation and so forth. With those aspects combined, an assessment can be drawn through decision effectiveness, performance management, effectiveness of choose and employ persons, time efficiency and overall contribution efficiency. Constant survey and proper adjustment on the standards require the person in charge to pay a lot of efforts.

Flexibility in evaluation terms

Fierce market competition has increased uncertainty in corporate development. Performance goals and development plans that are set at the beginning of the year may fail to meet the changes in a few months. Intensifying human resource competition between corporations shortens the serving period of an employee in one corporation. Faced with this reality, enterprises should be fully aware of the behavior, sales and psychological dynamics of the employees and come up with talent-keeping strategies. Performance appraisal with different period can provide a good reference for the long-term development of the corporate. (as shown in TABLE 2.)

TABLE 2 : A evaluation method which is more flexible in evaluation terms

the title \ options	weekly	monthly	quarterly	semi-annual	yearly	per project	non
top administrator	0(0%)	1(25%)	1(25%)	2(50%)	0(0%)	0(0%)	0(0%)
middle administrator	0(0%)	2(50%)	1(25%)	1(25%)	0(0%)	0(0%)	0(0%)
staff members	1(25%)	2(50%)	0(0%)	1(25%)	0(0%)	0(0%)	0(0%)

Diversity in evaluation relationship design

Unilateral evaluation decided by the administrative may be affected by his motion or feelings, thus the results can not show the truth about the evaluated and the administrative's judgement may not be accurate and objective.

This traditional way of evaluating is seriously challenged under the situation of modern enterprise forms and culture and higher staff quality and self-management ability. A lot of new evaluation methods emerged, for example the over-all evaluation, which can comprehensively reveal a person's quality and ability in a specific situation.

OTHER PROBLEMS RELATED TO CORPORATE PERFORMANCE EVALUATION

In consideration of the enterprise management characteristics and the on-growing scale, technology and strength, a complicated and high-budget management system may not be suitable. Besides the above consideration on balance, we should pay attention to the following questions:

Leadership

Any suggestion or reform of an system is largely motivated by the company leader, so their acknowledgment and decision are of vital importance. Meanwhile, the importance of performance evaluation should be valued. The company leader should be aware that the evaluation of an employee should not be based on impression or guanxi, which will improve the development of the company. The company leaders should set a keynote for the development strategy and come up with a long-term plan that is supported and accepted by the staff. The principal of everyone contributing to the corporate goal and everyone equals in front of evaluation should be promoted in enterprises.

Publicity

Performance evaluation is the assessment of the employees' daily work. The priority of the job is to make the employees fully realize the necessity of the performance evaluation and be willing to accept and cooperate to create a better environment for the evaluation. The enterprises should show the employees their determination of system reform, make them keep up with the changes in the company, encourage them to learn about scientific management system and form a good system construction and learning atmosphere. In most Chinese enterprises, the administratives are mostly promoted from high-level technicians. Most of them have never been in the administration field, not to mention evaluating the employees fairly. A multiplicity of evaluation standards have made it impossible to be fair. Training the administratives is thus of great importance. By training them to make reasonable work arrangement, better perform the top down communication work and make objective standards, the evaluation may become more reasonable.

Management by objectives

In improving the corporate working atmosphere and competitiveness, one of the important thing is to form a unified working platform and style as a reference for the performance evaluation. Set production goals at regular intervals so everyone will have their duties and everyone can better complete the work by using their strength. But if the goals are not reasonable enough, employees' working stress may increase due to the accumulated unfinished products and the production progress may be hindered. Only when production objectives are formulated reasonably can it be brought into full play.

Setting up an evaluation and supervision system

No matter how profound a system is, it has to be effectively implemented, otherwise it is only an armchair strategy. When implementing the performance evaluation system, a comprehensive and profound supervision system should be established where there is no preference to blood, friend or alumni-related personnel. We must work in accordance with the system during execution and enhance the execution force. During the process of evaluation where every employee should be assessed accurately and objectively, fairness in every step of the evaluation is important. Only when the reward and punishment are fair, balanced and open with investigation, analysis and evidence can every employee be willing to accept the results and bring the evaluation system into full play.

CONCLUSION

Nowadays, the phenomenon of high staff mobility and severe talent drain exist in many enterprises, so, as the leaders of the company, they must improve their awareness and establish a set of management and evaluation systems by combining the system and the current situation, thus bringing the corporate management into full play.

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