

INFORMATION TECHNOLOGY IN PERFORMANCE EVALUATION AND ITS' EFFECTS ON THE EVALUATION OBJECTIVES

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—Abstract —

A well-designed evaluation system may significantly contribute to the improvement of business performance. It may enable all employees of the firm to contribute to the overall business goals at an individual level, thus improving business results.

On many occasions companies insist on using comparable evaluations in a unified structure firm-wide, which is supported by policies and guidelines, and where the results are documented therefore easy to analyse. This purpose is served by the implementation of the paper-based performance management with computerised versions, which is a great support in the documentation of the evaluation; however, it cannot replace the personal conversation which is a vital part of the process. During the evaluation the feedback from the manager to the employee is as essential as the employees' feedback towards their managers. If this step is missing or done inadequately it may lead to questioning the purposes and the benefits of the entire system.

In our study we examine the information technology tools which are used by companies to support their performance management process, and how these affect the objectives of the evaluation. They could simplify the completion and processing of the forms and enable the involvement of several assessors in the process, enabling the transformation of the evaluation process towards the direction of more informative 360 degree feedbacks in the organization.

Key Words: *Information Technology, employees, performance management*

JEL Classification: M12

INTRODUCTION

The evaluation is a highly sensitive and complex activity. The assessment of performance in several places kept only as unnecessarily completable piles of paper, although this is a very important event in the workers' lives. During the performance review meeting the employers appreciate the work of the employees, set goals for the next period and appoint the tasks which need to be performed. The question of the payment raise may be decided, they can manage to find time for the further career opportunities, and last but not least this assessment may serve as a satisfaction survey from the workers.

In addition to the employees in the organizations having a lot of expectations for the performance evaluation, there can be a significant opposition, too. Among other things it involves a lot of administrative work, the evaluation process takes a lot of time, without which the adequate preparation is not effective enough. Not quite complex, only some areas of the performance assessment are evaluated, a number of important questions are not answered because of the lack of appropriate information. The connection between the current performance and its assessment cannot be seen, because it does not affect other human resource areas, e.g. it cannot be seen in the change of the payment, or in the training. It contains too many subjective elements such as personal sympathy and arbitrarily chosen "critical incident."

THE IMPORTANCE OF INFORMATION TECHNOLOGY IN BUSINESS OPERATIONS

The result of the performance evaluation functions as information for the management and it is increasingly important in decision-making. The studied literature's authors agree that the information - similar to the one related to capital or manpower - has grown into resources. (Dobay, 2003.)

The performance evaluation is connected to the several functions of HR as the results gained from it are used in other areas and maybe relate back to the performance.

To support performance evaluation there are various devices available for organizations. The paper-based systems were made difficult to store and use the information from the evaluation. That was replaced by an electronic system, i.e. a self-made Excel spreadsheet, an - own software developed by the company's employees, or a part of an integrated system that were purchased from external service provider (nexONPM, Orgware: webTelj). The business-intelligence software can gain information from multiple sources ensuring the completeness

and redundancy-free, realize reports and focus on the company's main competencies. It can also be said that this software can proactively identify and add priority and solve the problems. Further it can improve the organizational collaboration, increase the resource utilization and the entire organization-wide evidence-based decision-making mechanisms can be developed. The corporate processes become more transparent, more information is available, the coherence and accountability of the operational processes increase.

The modern information technology devices and methods allow the mass data collection, data storage and data transfer. However, to use the information efficiently such as an resources it have to be solved the global information collecting, processing, access and (for all participants) the same interpretation. Only this way can make possible to explore the relationship between stored data, to interpret, to get the relevant trends from them – and to use the resulting information in the economy, corporate governance and in general the arising decision-making situations in the leaderships of the organizations. The different kinds of computer decision-support systems give help in this. (Sándorné, 2008)

One of the main tasks of the manager is to use the available resources responsibly to achieve the organizational objectives. Where the resources mean people, material and financial devices and the information. Weill (1998) also draws attention to the infrastructural construction as one of the most fundamental purpose of the management during the IT investment processes.

‘The information system with the components of the system, people, machines, processes, etc. collaborates to collect data, process, interpret and to store in accessible form for re-use.’ (Bodán, 1995). Thus this way makes it possible to store data that were entered by the company's employees, summarize that have to be used, which belong to the same area, and assign to HR functions.

A management information system first-order function is to result dedicated yield during the company's operations. A modern ERP system has to result business benefits in the following areas: (Drótos, 1991)

- ♣ reduce the amount of information reaching the leader,
- ♣ on the other hand, allow optional access,
- ♣ increase the essentiality, timeliness, usefulness and topicality of the information that reaches the leader,
- ♣ focus the management's attention on the company's critical success factors,
- ♣ help the manager's directing work, follow-up of the processes and the corporate communications,
- ♣ find the earliest time the indicator factors which need for the changes

- ♣ pay attention to the changes of the competitive situation, customer needs, etc.

During the selection process of the appropriate support systems, the systems that are able to help satisfy management information needs and to achieve the pre-defined goals can be mapped.

Not only price and operating expense but several factors have to be considered when choosing the system. According to Katalin Zöllei, 'Generally it can be said that the added value of the human information technology solutions depend on many factors, however, the introduction of a performance evaluation system which supports the strategic goals – opposite of the other areas of the HR support software – does not depend on the number of the workforce. In this question rather refers to the culture of the performance and the performance expectations furthermore the sophisticated and objective performance evaluation method mapped by IT is the determinative need.' (Széll, 2008.)

Performance evaluation software functions are expected to manage organizational goals, customize the evaluation factors, manage information, and changes, create the conditions of self-esteem and the 360-degree evaluations, provide the preliminary leader evaluation surface, define numerical results, create the relations of the wage and bonus development, define the development needs and set the leader's decisions. (Széll, 2008.)

During the company's operations, both of the individual's and the collective's performance serve as information for the leaders, the collection, the processing and the storage of these cause a serious burden for the management and the human resources department. However, in their absence, it is difficult to judge the work of the employees and their contribution to the organizational goals. The technology, the equipment, the material goods later do not mean restrictive barrier for the company's, organization's development. In this situation the quality of the human resources will mean the competitive advantage. The appreciation of the human resources in recent years is indisputable, which has increasingly brought to life their performance, contribution to the organizational goals and assessment.

THE CONNECTION BETWEEN PERFORMANCE EVALUATION'S TARGET SYSTEM AND THE OPPORTUNITIES BY THE IT DEVICES

In our study, we examined which kind of ways can different IT devices use assent to the performance evaluation goals.

During performance evaluation it should be examined how the individuals and how the staff contribute to the organization's results. The process consists of two

parts: first the past will be evaluated; on the other hand there will be defined new results for the future. The expectations will be clear by this. Equally important to define the consequences in the case of the results fulfil or fail. The correctly appointed results, the exactly formulated expectations and the consequences will provide a good basis for the contract of the next period performance evaluation.

However, the evaluation process cannot end with the evaluation of the results and the next period's objectives, it is important to enforce the consequences, because this will contribute to corporate success. For companies where the consequences are defined for both individual and group performances and these are validated as well (give bonus for good performance and sanction the inadequate), these will obviously affect the company's performance and thereby the results, too.

In line with the performance evaluation system's evolving and operation the formulated consumption targets can be grouped in various ways in the literature. Compared to the categorization, targets can be classified into five groups:

Evaluation objectives: serve to compare the individuals, usually connected to some scarce resources' distribution. It is very useful for payment decisions, the recognition of individual and group performance, and the identification of poor performance. It provides information for promotions and reductions, furthermore for the foundation of the employment following the probation period. (Gyökér-Finna, 2008, 7–8. p.; Bakacsi et al., 2000. 188.p.)

If the company, during the evaluation, precisely defines the performance criteria (measurable results, norms, standards etc.) as far as possible, it will serve to perform the evaluation targets. If, as a result of the evaluation process, a hierarchy, order comes into being between the evaluated people, based on defined criteria and if the people who are in the top of the hierarchy can expect positive results, others who are at the bottom of the hierarchy can expect negative results. It may result in a competition between the evaluated people in order to reach the top of the ranking. It is important to base the evaluation on past happenings, data, attributes which are acceptable record for the evaluated person, too. An acceptable, visible, unified fixing surface can be helpful to do this. The evaluation results are time-bound with department-based regularity, which we can make easily programmable with the help of the IT devices. The evaluator's role in this situation on the one hand, the judgment during the creation of the evaluated people's ranking, on the other hand, the arbitration during the allocation of the ranks and during the determination of the consequences. (Karoliny et al., 2003, 257. p.)

The evaluation goal is supported if we can fix concrete data in it and if the evaluated person knows and accepts this fixing way. The evaluated people also require an exact, factual and event-related evaluation. A program can provide an opportunity to pre-record the important events for the evaluation. With this we can eliminate the “critical event’s” – by the evaluator – subjective selection. It is important that the program, depending on the department, has to be able to properly combine the viewpoints that need to be evaluated, the competence and their seriousness. It is significant that the employees have to know, handle the program and everybody has to understand the evaluation's viewpoints and the evaluated viewpoints in the same way. It is worth considering who should be authorised to access previous evaluation results gaining insight on the processes of performance. It can help the evaluator’s judgement role by facilitating the development of the rankings, and stores the information over a long term, so the performance's evolution can be observed over a long-term and can be evaluated, too.

Development goals or individual-level goals: which usually facilitate the realistic self-assessment formation and the individual development. This group includes the workers' strengths, weaknesses, and the development need areas identification by the employees get feedback about their individual performance. In the course of evaluation it becomes possible to determine the individual training needs, the direction of the development and the training area. Depending on the results, it will be possible to transfer the employees to another department. (Gyökér–Finna, 2008, 7–8. p.)

If the relationship between the evaluator and the evaluated is open, honest and built on trust and if the evaluator regularly pays attention to the evaluated one and often gives feedback, it can surely help reach development goals. The evaluated people’s assessment bases have to be its own level compared to the development rate, pace. The wording of these requirements can start from future needs. Each side should be aware that the evaluated people are in competition not with each other, but with themselves, thus strengthening the developmental attitude for the evaluation. The evaluator’s role in this situation involves guidance and assistance. (Karoliny et al., 2003, 257. p.)

It can be linked to other systems to facilitate the use in many fields, for example with organizational charts, career planning program, which can give base if it is necessary for the leader to coordinate the internal labour mobility. It serves the development if an employee gets feedback from wider scope. The 360-degree evaluation can help in it. The technology greatly facilitates the preparation of a

full evaluation like this, since we can carry out the evaluator's invitation, coordination and make the evaluation with the help of the program.

The complete Human Resource Management (hereafter HRM) system maintenance and the support of the organizational goals: the performance evaluation system provides useful information for the other HRM-task performance and for the business planning, too. The organization goals will be known, exactly identified and followable, and the system gives help for harmonizing organizational and individual goals and to determine the achieving level of the goal. If the organization's and the individual's goals are in line, the employee will be willing to develop its capabilities, become motivated to perform better, so the organization's investments will return. At organizational level, all training needs will be definable. The evaluation results provide information for the management about the employee's aptitudes, developmental level for the labour force planning. (Gyökér–Finna, 2008, 7–8. p.; Karoliny et al., 2003, 255. p.)

One of the biggest advantages is that it can easily be connected with other HRM and other task support system, systems and thus this it can become easier and more secure data storage. The question of trust is difficult to determine: a piece of paper can be completed anonymously but a form completed on computer can be retrieved who the review came from. This is a significant issue in the case if you want an anonymous organizational evaluation, for instance from a leader's work. It bears greater responsibility for the HR department's staff, whether they can acquire the confidence with which the employees will be provide about the full anonymity. Template system should not be imposed, the evaluation system has to be set to a given organization in all the cases to accommodate its special preferences and needs. A well-designed IT system is not only able to create harmony with the HRM functions, but it can provide opportunity to – for example: the customer or worker satisfaction – analyse the data connection from other areas.

Interpersonal relations or organizational communication improvement: With the institutionalization of the performance evaluation it can be opened communication channel within the organization (Vekerdy, 2008, 106. p.) which – if it is properly used – can improve and maintain a good relationship between the leader and the employee. The feedback is highly important during the evaluation. If it is not correct, cancelled or not performed by the competent person, fundamentally destroys the target of the system and questions the usefulness of that.

The information technology devices give support that can help to systematize the data. Based on the targets of the evaluation – appropriate for the company's viewpoints, even text – evaluation can be made. This can provide great assistance for the leader during the evaluation by saving time on data aggregation, and on the preparation so the leader will receive practically ready the answer of the "what to evaluate?" question. Along with this she/he can spend more time at the meeting, the question of the evaluation: 'how' can come into view, so employees can get thorough feedback. However, this line of thinking includes the conditional on its power. The same can be an advantage and a disadvantage, too. Everything is ready for the leader and thus it will lay down for the employee so they cannot see the point in a personal meeting, or because of the lack of time and mood they will waive from it which definitely does not serve the target of the personal contact.

Documentation, administration: because of the importance of labour decisions and labour law, tracking down employees' performance has become significant, so the staff's decisions and the documentation of the information, the examination of the specified requirements and the compliance to the legal requirements. (Gyökér–Finna, 2008, 7–8. p.)

The administration can be facilitated by the electronic evaluation form, which makes it easier to sum up, compare and store prints and makes it more difficult to access these evaluation data. The computer programs can facilitate the organization of the performance evaluation by making the fill out of the evaluation form more flexible, providing lighter and easier save and storage and by the selecting and coordinating of the evaluators in the 360-degree evaluation.

During the evaluation process, the feedback is highly important for the people, because it can either be constructive or destructive – it all depends on the evaluation, the participants and their relationship. The target of the performance evaluation process is to strengthen and to develop the positive employee performance and to eliminate the unwanted behaviour. In addition, it can contribute to achieve many other organizational targets – including the previously mentioned.

CONCLUSION

The performance evaluation is an exceptionally complex and many-sided tool. This is an opportunity in the hands of the companies, which can have supporting or obstructive effect. It depends on how much the organizations pay attention to development and operation.

The performance evaluation – if it is properly applied – can definitely take forward an organization. Employees can feel confidence and their work important, because the evaluators evaluate them. However, the whole process can be destroyed if the inherent opportunities are not used or not correctly used:

- the evaluator and the evaluated have to see the sense of the evaluation performance;
- the evaluation has to distinguish between the workers, and pay attention to the evaluated employee's department;
- the evaluator and the evaluated have to utilize the opportunities that are offered by the performance review meeting to strengthen their personal relationship;
- it have to be based on the personal or group developmental and career plans, as well as other functions e.g: recruitment, selection, transfer, promotion, department planning;
- point beyond the walls of the organization, the evaluated person's satisfaction also has to form a part of the evaluation.

In order to utilise the above mentioned opportunities, a well thought and company fit IT system may help. We explained in details by targets all the advantages and the disadvantages of an evaluation supporting tool during the implementation.

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