THESIS OF DOCTORAL (Ph.D.) DISSERTATION

COMPARATIVE ANALYSIS OF THE PERFORMANCE SYSTEMS

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1. Goals of the dissertation, issues to be solved

Assessment of performance is present in every single moment of our life. Performance is assessed by the parent, when it praises the first, hardly identifiable drawing or the first sand castle of its child. Performance is assessed in school by the teacher when he or she awards grades for an answer or a test paper, and performance is assessed also by the athletics or swimming trainer who requires his or her trainees to cut their times with 1-2 seconds.

Why should it be different in the field of labour? Especially if a certain position has a well defined requirement system. Thus a good performance assessment helps establish where the performance of the employee is good and where the compliance between the performance of the employee and the requirements of the position needs to be improved. Therefore it contributes directly to the promotion of employee motivation, to the elaboration, respectively improvement of an incentive system, and as a result of all these to the successful operation of the company. (Szemes-Világi, 1994).

In the last decades performance assessment was applied in certain positions, however in those cases some criteria beyond the performed labour (movement labour, political trustworthiness) were also playing a part in the assessment in the course of the so-called party worker screening. A further disadvantage was also that it generally did not connect tightly to the company goals, nor to the assessed person’s advancement or to his or her material recognition.

In the last one and a half decades numerous assessment systems applied elsewhere successfully for a very long time, got implemented and started to gain ground in our country. All of them arose from the basic need that in the course of working everyone requires a regular and as far as possible objective feedback on the quantity and quality of the work performed, respectively on the attitude displayed during working. On the other hand the employer also needs a well functioning appraisal system in order to be able to reward his or her employee with wages proportional to his or her performance, to have well defined boundaries for promotion, what’s more to ensure for the attainment of organisational goals having people with proper work performance.

In my paper I present performance assessment systems, followed by a comparison of the different appraisal systems:

- subordinate and superior assessment in the competitive sector and the public service sector;
- comparison of the performance assessment of civil servants and of the competitive sector.
In my dissertation I make a suggestion for an applicable, well functioning assessment model. The drafted model is applicable both in the competitive as well as in the public service sector. We tested the application of the model in practice and it proved well usable. I shall demonstrate this through the presentation of a couple of case studies. The further analysis of this usable model is done through the examination of assumptions.

### 1.1 Starting hypothesis of the dissertation

In the course of the comparative analysis of performance assessment systems a demand arose regarding the fact whether it is possible or not to elaborate a universal model that can be applied to all organisational forms. This reasoning led to the first hypothesis:

1\(^{st}\) hypothesis: It is possible to elaborate a performance assessment model that can be applied both in the competitive and in the public sector.

The appraisal of equitableness is significantly influenced by the procedural and interpersonal relationship. If the result of the assessment is worse than the one the assessed person would have considered reasonable, then the course of the assessment procedure recorded in writing, respectively a proper conduct on part of the assessor is able to make a positive difference on the result of the assessment.

2\(^{nd}\) hypothesis: Procedural and interpersonal equitableness have a significant effect on the fairness of the assessment result.

A saying borrowed from lawyers affirms that a legal act values as much as it is complied with. This is probably true also for a performance assessment system, which is as efficient as much as it is considered their own by the employees of the organisation, from the cleaning lady to the chief executive officer. Therefore my third hypothesis can be summarised as follows:

3\(^{rd}\) hypothesis: The level of efficiency of the elaboration, introduction and operation of a performance assessment system is highly influenced by the involvement, respectively commitment of those interested.

Performance assessment is not a task described by the superior and listened to with hands at the back by the person assessed. If the assessment is praising, the superior is satisfied, no self-criticism must be exercised. In the other case, if the superior is dissatisfied, the person assessed explains his or her mistakes, the assessment evolves into a kind of apologising. My fourth hypothesis sounds like this:
4th hypothesis: Self-assessment shall be handled properly in the assessment procedure.

If performance assessment is done yearly, which can be considered to be the ideal case, then it is not like the assessing superior and the assessed subordinate would meet during the year only for the period of the assessment of roughly 20-30 minutes. The intent of improvement requires daily interactions, not restricted to mere formalities (for example signing the attendance sheets, handing over and taking over the way-bills in case of drivers). My fifth hypothesis is not other than:

5th hypothesis: Performance assessment reduces power distance and the status differences between superior and subordinates.
2. **Material and method**

When compiling the research material the topic of the research offered the possibility to compare both the Hungarian and English specialised literature and the practice.

2.1. **Data collection methods**

In the course of processing the specialised literature on management I focused on the particularities of performance assessment according to the assumptions of the research.

When constructing my dissertation I placed transparency above all. Therefore my dissertation is structured as follows:
- management and performance assessment history,
- goals of the assessment,
- assessment methods,
- assessment standards,
- performance assessment in the public service sector,
- performance assessment in the competitive sector,
- comparative analysis of performance assessment systems,
- performance assessment flow chart,
- implementation of the model in practice.

2.2. **Methods of comparison**

In my paper I present and compare the manager and non-manager assessment, performance assessment in the competitive and the public service sector, the particularities of the Hungarian and Anglo-Saxon performance assessment, and I also compare the assessment features of the periods before and after the political transition.

As I have accumulated many years of experience in the introduction and operation, respectively improvement of performance assessment, I created a model that can be applied both for the public service and the competitive sector. I reported on my practical experience in several articles.
3. Results

The result of my dissertation is a model that can be applied both in the public service and the competitive sector.

Election of the performance assessment method

When choosing the proper performance assessment method, there are two questions to decide on.

First question

Do we wish to implement an own system or one developed by others? When an organisation intends to implement a performance assessment system, there are two ways to do that: whether they take over an already elaborated system to be applied without changes, only with eventual adaptations, or to develop an own system. As already mentioned performance assessment is part of the leading culture. If opting for the first possibility offers plenty of advantages (for example swiftness, savings on the time and resources necessary for the elaboration), my advice for all organisations still is to develop a performance assessment system tailored to their own culture. Its result would be a system complying with the needs of the organisation, adapted and compliant with the organisational culture, a system easier to have accepted both among the managers and the employees. The choice between the two options is also dependant on what we want to achieve with the implementation of the labour appraisal system and subsequently on the type of personnel tasks we want to use it for.

Second question

When and how should the assessment criteria be chosen? There are two answers to this question too. The first solution is to define in advance the assessment criteria based on the analysis of the job positions. According to the second solution assessment starts with the definition of the assessment criteria which is a joint assignment of the superior and the assessed employee. Thus the assessment criteria may vary according to the assessed person and the assessment period. Hereinafter I shall present the elaboration of the assessment system according to the first solution.

Steps of elaborating the performance assessment system

Let’s assume that an organisation chooses to develop its own performance assessment system. According to this I defined the tasks to be accomplished. The steps of elaborating the system are presented in the following figure. The tasks formulated in the figure are listed in a chronological order.
Steps of elaboration of a performance assessment system

- Definition of the assessment goals
- Setting up the team elaborating the system
- Determination of the assessment criteria
- Elaboration of a manual for the assessors
- Performance assessment
- Assessment discussion, setting up new goals
- Employment of the assessment results

Resource: Own draft

Methodology of the elaboration of an assessment system

Definition of the goals of the performance assessment

Performance assessment is one of the outstanding strategic tools of management. The implementation of a performance assessment system promotes also the achievement of the actions of numerous other organisational goals. Therefore alone its autotelic implementation will not assist managers in achieving their goals. Before an organisation decides on introducing a performance assessment system, it should consider the goals for the sake of which it does so.

How can the personnel department assist managers in accomplishing their target defining tasks?
- Organising workshops for managers securing the conditions of accomplishing the tasks.
• Familiarising managers with the essence and functions of performance assessment systems.
• Elaborating an action plan to present the process of elaborating the system, the decision points where managers have the opportunity to compare the expectations and the results of the system obtained.

The goal defining task of managers should materialize in at least two things:
- preparation of a written document in which managers define the aim of implementing the performance assessment system, the expectations they have towards the system and its application;
- nomination of a manager as organisational head of the elaboration of the system.

Nomination of a work team elaborating the system

The elaboration of the assessment system requires the setting up of a work group made up of the representatives of the management and of the employees. The work group shall perform the tasks presented already in the flow chart. Of course there might be professional tasks too, for the execution of which the work group shall look for specialists from inside and outside the organisation, however the team remains responsible for the accomplishment of the task. Members of the work group are proposed to the managers by the personnel department. After being approved by the management members of the work group receive personalized credentials stating the aim of the task, the conditions rendered available to them and the remuneration of a successful accomplishment.

How and according to which criteria shall members of the work group be elected?
• Members of the work group shall possess all the knowledge and experience regarding the functioning of the organisation, which are required not only for defining the criteria of performance, but also for a successful implementation of the system. It is therefore advisable to involve experts with sufficient local knowledge.
• Members of the work group should represent the different levels of hierarchy.
• Members should be able to present and collect in the different stages of the work the opinions and remarks of their workmates, to support the presentation and secure the acceptance of the system.
• They should be consistent in representing the goal of the elaboration of the system.
• They should be suitable for team work.
How should the work of the team be led?

- The organisational supervision shall be performed by a designated top manager. He or she is the one to offer the necessary authority to the work group, to make the decisions that are necessary for ensuring the continuity of working.
- The administrative control, organisation, material conditions shall be handled by the personnel department: securing the invitations, the venue, the written material, following-up on the evolution of the work programme.
- The professional lead of the work team should be assigned to a person who is aware not only of the steps of elaboration, but has sufficient experience in the development of performance assessment systems, respectively in the leading of work groups. If the organisation does not have such a person internally, it is advisable to commission an external consultant. If an external expert joins the team his or her task is first of all to define the methodology of the task execution, to ensure an efficient team functioning, the continuity and pace of working, to enforce the professionalism required for the work (Iwao – Mezővári, 1998).

Definition of the performance assessment criteria

I am convinced that the object of assessment in case of a successful and fruitful performance assessment program is the activity and organisational behaviour of the employee, which requires both specific and measurable performance elements and assessment factors expressing features (ability and personality traits). I would consider desirable for the employee and the superior to come to an agreement on this in the course of the goal setting meeting.

Number of factors

The number of factors used for the characterisation of an employee is pretty much diverging in the different performance assessment systems. We consider it to be appropriate if the number of assessment factors lies between 5-15. It is obvious that the more complex a position is, the more elements performance has and the more assessment factors shall be needed.

Election of the factors

A precondition for choosing assessment factors is the thorough knowledge of the organisation. The information below might be helpful for this:
- strategy, business plan,
- Organisational and Operational Rules,
- procedure regulations, activity list, operational descriptions,
- job analysis documentations, job descriptions,  
- job-assessment system.

Definitory elements for choosing assessment factors are the expected performance requirements of the job, respectively the behavioural expectations towards the person filling in the position. In my opinion the ability requirements can not be ranked among the assessment factors. Naturally the existence or lack of an ability is part of the assessment, but not as a result, rather as the reason for the compliance with expectations or the lack of such compliance. Most performance assessment systems contain the following main categories of factors:

- quantity,
- quality,
- reliability,
- assumption of problems,
- assumption of responsibility,
- improvement of working,
- attitude, ambition,
- availability,
- cooperation,
- decision standard,
- outstanding abilities and skills needed for the execution of the work,
- championship of the organisational goals, etc.

The definition of the assessment factors might require a further break down of the above factors. An important criterion for establishing the performance assessment factors is that each prominent feature of the job requirements should be expressed by a single assessment factor. If there is an overlapping in the content of the factors, a feature might get an unjustified bigger weighing.

Factors are established by the work group. They have the necessary knowledge on the job performance requirements. When defining assessment factors we have to decide for what reference frame shall the system be valid for. Basically there are two reference frames to consider:

- Assessment shall be equally suitable for the performance assessment of all employees of the organisation. Obviously we have to define such generally valid assessment factors that are valid for all positions of the organisation.
- The positions of the organisation are grouped based on some principle. This can be done based on subordination or on specific areas. In this approach factors differ from each other for each group.
- Assessment factors shall also be evaluated in order to be able to choose the most important ones. This is a long lasting stage of the work
implying a lot of arguments. We have to consider also that this task has to be executed either for all positions in general, or for job categories. While in the first case this task is to be done only one time, in the second case it has to be done as many times as many job groups we have defined. (Nemeskéri, 1999, Nemeskéri – Pataki, 2007)

Example:

- **General assessment factors**
  General criteria are valid uniformly for all employees working in different positions and jobs in the organisation. They express a general organisational behaviour.
  - Loyal behaviour
  - Attitude towards work
  - Efficiency of working
  - Cooperation
  - Proprietor approach

- **Special assessment factors**
  Assessment criteria of white collar positions are the following:
  - Creative problem solving
  - Professional knowledge
  - Professional practice, experience
  - Openness to change
  - Reliability, accuracy, precision

  Assessment criteria of blue collar jobs are the following:
  - Professional knowledge
  - Professional practice, experience
  - Reliable, accurate, precise, disciplined and quality working
  - Responsibility, psychological loading

  Assessment criteria of management work are the following:
  - Strategic planning
  - Decision
  - Management of colleagues
  - Personal attention and empathy towards colleagues
  - Influencing-convincing others (charisma)
  - Conflict management
  - Complexity of leading

  Assessment criteria of external client relations are the following:
  - Communication
  - Client management
  - Conduct
• Numerical data

The work group may define precise performance and quality requirements compared to which the work of the person filling in a certain job can be assessed and qualified.

• Individual assessment factors:

The superior has the possibility to assess the work and attitude of his or her colleagues also based on personalised assessment factors. The superior may define the factors (knowing the individual capabilities and personalities of his or her colleagues, respectively being familiar with the job) through which he or she can follow up on the individual contribution of his or her employees to the organisational goals, respectively he or she can assess their personal development. A condition for the definition of individual assessment factors is that the superior knows his or her colleagues well, and thus he or she can choose the most appropriate assessment factors. Individual assessment factors render it possible for the assessment to become indeed personal and to focus on the behaviour and work of the given person.

Those working on the development of the system might ask themselves whether there is a need of weighing between the assessment factors. Some of the assessment factors might appreciate against others in the relationship between the superior and his or her colleagues. This fact can not be taken into account when elaborating the system. Nevertheless there are examples for cases where there is an order of priorities among assessment factors (Ménes, 2008).

Definition of grades for the assessment factors

With defining the assessment factors we only decided what aspects shall be focused on during the assessment. In order to be able to state to what extent a person complied with the performance expectations, we have to allocate degrees to the factors. Degrees are defined through scales. It is advisable to limit the number of scales, experience shows that 3-7 scales are enough. Scales have to be defined too. A mechanical classification implies the risk that assessors are likely to use average values.

Example: The example contains also a five-scale assessment. Its particularity is that it does not exhibit the assessment per factor, but offers a solution for the final assessment. The superior must develop a standpoint on the performance and organisational behaviour of his or her assessed colleague based the assessment of each factor. Based on the assessment the superior
summarises his or her statements regarding the assessment period according to the performance scales below:

**Performance I.** The assessed employee has with significant deficiencies still complied with the requirements of his or her job. In the coming period targeted personal development actions will be needed to improve the results.

**Performance II.** The assessed employee has with minor deficiencies basically complied with the requirements of the job and of the organisational culture. The improvement of the results might in some cases need personal development actions, but these are not mandatory.

**Performance III.** The assessed employee performed well the tasks required by the job and in some cases even outperformed the expectations.

**Performance IV.** The assessed employee had an excellent performance at the job in the assessment period.

**Performance V.** The assessed employee achieves regularly (previously during at least two years) an outstanding performance. He or she made innovative initiatives towards a more efficient and more effective working. His or her performance and behaviour are exemplary.

Defining the assessment process

For conducting the assessment we have to define the steps of the assessment. This is necessary in order to be able later to allocate those behavioural rules that can ensure the efficiency of the assessment.

**Example**

1. **Target setting, design stage:**
   1.1. The employee and the superior are preparing for the target setting discussion. Both are going over in thought that in the following period
       - What tasks shall be fulfilled by the employee knowing the organisational goals?
       - What conditions are necessary for their execution (material, tangible assets, information, trainings, other management support, etc.)?
       - When and based on what parameters shall the assessment be performed?
   1.2. Conducting the target setting discussion
       At a previously agreed date under undisturbed condition
       - first the superior and then
       - the employee present their standpoints.
Afterwards follows the debate part of the discussion. Subsequently participants agree on the tasks of the coming period, if possible based on a mutual agreement. If there is no compulsory performance and behaviour assessment criteria system imposed by the organisation, then another important event of this stage is agreeing on a performance assessment criteria system by the superior and the employee. The result of the agreement shall be documented.

2. Assessment stage

2.1. Both the employee and the superior are preparing for the discussion based on clause 1.1, or as agreed.

2.2. They conduct the assessment discussion,
   - but it is advisable that the employee presents first his or her self-assessment,
   - then the superior comes forward with his or her assessment.
This is followed by the collation of and discussion upon the two assessments.
Finally the participants agree on the assessment, as far as possible based on a mutual agreement, and record it in writing. If there is a divergence of views, it must be recorded.

3. New assessment period
   The cycle is closed; the new performance assessment period is the time for implementing the agreements.

At the end of the assessment discussion it is advisable to record the jointly set targets (Fruttus, 1998).

Defining the tasks of the assessing superior

The assessment discussion requires a thorough preparation on part of the superior. The personnel department shall prepare recommendations for the assessment:

- Gathering facts about the midyear performance, work, behaviour, eventual conflicts, etc. of the assessed employee.
- The conduct to adopt in the assessment procedure, especially during the discussion. I consider to be expedient the superior to adopt an understanding – accepting – supporting attitude (with the remark that there are exceptional cases too!). Superiors must be drawn the attention to the fact that they shall put themselves in the situation, way of thinking, problems, emotional experience of the assessed employee and they shall bear their needs in mind. The emotional reactions, the
holding on to the bitter end to small, seemingly unimportant shades of difference by the assessed employee regarding the superior’s opinion shall be treated with understanding. Positive, favourable traits shall be built upon, but unfavourable remarks shall not be kept back either. The discussion must be used for trying to find out what lies in the difference between the self-assessment and the assessment made by the superior. Is it a lack of abilities, the predominance of an unfavourable personality trait or the lack of a chance to prove himself or herself? It would be good if this topic were dealt with during the conversation (as a root cause analysis, aiming at clarification) and the parties looked together for assessments acceptable to both of them. Attention must also be drawn to the fact that it is not the aim of the assessment to reach a joint assessment by consensus. Both parties may hold onto their opinions; however it is advisable to document the divergence of views.

- At the end of the discussion the focus shall be on recommendations foreshadowing the progress, clearly outlining the extent and direction of the improvement. For the sake of personal development of the employees, for the improvement of their abilities and personality one shall formulate unambiguous and precise requirements. Employees must be indicated the direction of development, they must be offered help in the realistic assessment of their situation, they must receive feedback on the behaviour and performance. It is not sure that the solution for occurring problems should be expected only from the development of an employee: often the solution might lie in the reorganisation of work processes or the regrouping of tasks.

Coaching for the assessment discussion

The parties of the assessment must be coached in order to know what their task is in the course of the assessment. This is particularly important in the case of superiors, because the preliminary coaching of employees is also their task. The personnel department might outline the goal, the tasks and the process of the assessment by preparing and issuing written information material. This purpose would be well served by preparing a manual describing the assessment system first of all from the point of view of the appliers. The personnel department shall hold consultations for superiors, where by discussing arising questions and problems the difficulties assumed to appear in the course of the application can be clarified and methodological knowledge passed on.
What must be emphasized during the coaching of superiors? The performance assessment process is practically a special communication process in which two situations are clearly separate: the goal setting, respectively the assessment discussion. There are rules that are predominant for communication situations (D. Torrington – L. Hall, 1995, Hutiray – Ralson, 1998).

Documenting the assessment

The goal is to keep the system not bureaucratic and not to let it loose its importance in the relationship between superior and subordinate. There are two radical cases that might occur during the process documentation:

- Performance assessment is a matter between the superior and the subordinate, the personnel department has merely a control function (it is the entity responsible and the professional leader of the process) and it receives only (training) demands for personnel development. In this case at the end of the assessment a copy of the finalised and mutually signed Assessment Form remains at the superior and one at the employee. The superior has only a reporting obligation which refers to offering information on the taking place of the assessment. He or she may not offer any other data on the assessment of the employees. Both parties may revert at the next assessment period to the kept Assessment Forms and can revise the changes and improvements taken place in as compared to the previous period.

- All documents (the summary of the target setting discussion, the requested trainings, the summary of the assessment discussion) are prepared in three copies for each assessed person. One copy is kept in the data base of the personnel department, the other two are held, as previously described, by the superior and the assessed employee.

Both options have plenty of advantages and disadvantages, and each organisation must make their own choice. Only for the sake of completeness I shall mention here that the assessment materials shall be dealt with tactfully and confidentially, and the conditions for this shall be ensured!

Nevertheless it must be clearly emphasized that the professional responsibility for and the coordination of the performance assessment system lies with the personnel manager or the personnel department. The pertaining task is a double one: on the one hand counselling, on the other hand control and monitoring of the work of the parties involved.
3.1. Analysis of the assumptions

1st hypothesis: It is possible to elaborate a performance assessment model that can be applied both in the competitive and in the public service sector.

A really successful performance assessment can only be one that has consequences and a motivating effect. For example a performance assessment that has no material consequences or a motivating effect, becomes quite hollow. Among others this is one reason why the transfer of the assessment methods applied successfully in the competitive sector to the public service sector is lacking success. The following case had a remarkable result: MOL developed an extraordinary performance assessment system, serving as the basis for all the other human resource management tasks (carrier building, training plan elaboration, etc.). MÁV was very envious of this and lured away all HR professionals from MOL. The same performance assessment system operated by the same people led to a lamentable result in the case of MÁV. It was not like all experts “transferred” from MOL had suddenly lost their abilities. But the material consequences were omitted, not the best performers were the ones to receive the bigger material benefits, and the motivations failed to occur too. Even the performance assessment model held best does not value a thing, if it has no motivational effect and no material consequence. The answer to the first hypothesis is yes.

2nd hypothesis: The procedural and interpersonal equitableness has a significant effect on the fairness of the assessment result.

Contrary to my preliminary expectations the procedural equitableness, the proving and explanation of the result of the assessment, respectively the relevance of the assessment criteria does not exercise a significant influence on the fairness of the result of the assessment. Nevertheless the interpersonal conduct, the attitude of the assessor impacts with great significance on the assessed person. (Ménes, 2005)

3rd hypothesis: The level of efficiency of the elaboration, implementation and operation of a performance assessment system is highly influenced by the involvement, respectively commitment of those interested.

I took part in the development and introduction of several performance assessment systems. At the beginning I started the elaboration of the assessment by overemphasizing myself. Now I would say that I was self-important. My approach to the elaboration of a performance assessment system is nowadays to win the employees and their superiors. If I succeed, they shall collect their ideas. My task is only to systematise the ideas. At the
first time I fought with remorse, I felt it to be a “lazy” solution. The result proved the contrary. Employees and superiors regarded the system “developed by me” as their own result. After a couple of years, when I revise its functionality, I always encounter a high level of commitment. The original system was in some places improved, fine tuned, if necessary, and made proper for local conditions. The Electrical Engineering Manager showed me recently with great pleasure the specialised book in which he underlined with a pencil the tricks of performance assessment (Ménes, 2008).

Unfortunately I have also bad examples to mention. There was a company where they heard about performance assessment. Here assessment was about critical issues and the goal was punishing. The Shift Manager jotted down the names of his subordinates. For delays, poorer performance, eventual behaviour problems the employee would get a black dot next to his or her name. If someone got three black dots, he or she would be omitted at the next raise. If someone got five such dots, he or she would receive a written warning and a 10% salary reduction for half a year. The goal of this assessment is punishment. A black dot received can not be corrected by red dots. Outstanding performance was not recognized. Employees would never have introduced such a system; they are not committed to this “performance assessment system”. They raise their voices against it wherever they can, the absenteeism rate is high, and if they can, employees request to be transferred to other departments, other plants within the company (Ménes, 2005). The answer to the 3rd hypothesis is yes. The efficiency of the elaboration, introduction and operation of a performance assessment system is highly influenced by the involvement, respectively commitment of those interested.

4th hypothesis: Self-assessment shall be handled properly in the assessment procedure.

After the first performance assessment an unambiguous opinion on the self-assessment can not be yet formed. Analysing the specialised literature can lead to the conclusion that the performance assessment using only self-assessment is the preferred model of lazy, unprepared assessors. In my opinion performance assessment can only be successful if both the superior give an assessment and the employee a self-assessment. In an ideal situation the two assessments are overlapping. Young career-starters with no experience in performance assessment might over-evaluate their work and be indulgent with respect to their work. This group might also fall into the other extreme, i.e. to under-evaluate their work, their performance, to be hard on themselves. The probable reason might be found in deficiencies of self-awareness and the lack of proper experience. In time assessed people come to see their own work and behaviour more and more realistic. A genuine
dialogue can thus arise between the assessed and the assessor. This dialogue leads to the targets for the future typical for MbO, which can lead to even better results in the future. Therefore my answer to my fourth hypothesis is: self-assessment has an important role in the performance assessment process. (The assessed person should prepare for the assessment!)

5th hypothesis: Performance assessment reduces power distance and the status differences between the superior and its subordinates.

This hypothesis assumes that there is a normal labour relation between the assessed person and the assessor. Before the execution of tasks the subordinate can discuss with his or her superior the problems arising during the work process. They can search for solutions together, but if the superior is really open-minded and “problem sensitive”, anything, even private issues can be discussed with him or her. The yearly performance assessment discussion should be informal, assessing the work of the entire year and setting goals for the future. This is by itself already a formal activity reducing power distance. We celebrate this at my work place each year in April with a small get-together (and this is the informal part having a slight team building character too.) So far the management was each year perfectly satisfied with our work, therefore the yearly gathering was always very pleasant. At such events everybody is a bit more open, and it is the time when we find out more about each other’s private lives. The answer to my fifth hypothesis is yes, performance assessment reduces indeed power distance and the status difference between superior and his or her subordinates.

4. Conclusions and suggestions

Based on the results of my research work while doing a comparative analysis of performance assessment systems I got to the following conclusions, and thus make the following suggestions:

- Performance assessment is not a feat of nowadays, but an activity as old as conscious working. Nevertheless it cannot be denied, that the fundaments of modern performance assessment systems can be linked to the early stages of industrial development. A real spectacular development can however be dated for the period after the Second World War.

- After the Second World War performance assessment underwent a scenic split. While to the West from the Elba the fundaments of performance assessment were given by
modern sociological, psychological and management science research results, in socialist countries political aspects were the most prominent. It must be said that in time the political dominance “lost flavour”, then it ceased first in practice and later on it was also terminated by law. (22/1990.(I.15) Labour Code provision).

- Performance assessment has a central role in human resource management. The explanation is that performance assessment can be employed for multiple goals, for example: salary decisions, promotions, redirections to new positions, definition of training needs, etc. It’s another problem that target groups could clash against each other. We can share here the ideas of Sára Csillag (2009): “Tension might occur between some administrative goals (for example support of compensation decisions) and the improvement goals. In the course of administrative assessment it is in the interest of the employee to present himself or herself (and his or her work) in the most favourable light possible, to conceal deficiencies and mistakes, and to obtain thus the highest possible salary raise. For an improving assessment it would be important to unveil as many areas to improve, as many conducts to alter, and as many errors as possible, and to discuss what and how could be changed.” (Csillag, 2009, p. 247)

- By presenting the performance assessment methods we have outlined the wide application circle that can be personalised under certain labour conditions to a given person or group of people. The success of the implementation and operation of any of the performance assessment methods depends also on mental factors. It can be established that the elaboration, introduction and efficiency of operation of a performance assessment system is to a great extent influenced by the involvement, respectively commitment of the parties.

- Among the assessment methods self-assessment is of high importance. Young career-starters with lack of experience in self-assessment can happen to over-rate their work, to be indulgent with themselves. This group can fall also into the other extreme, to under-rate their work, their performance, to be too strict with themselves. The explanation lies probably in
the deficiencies of self-awareness and the lack of proper experience. In time those assessed get a more and more realistic outlook on themselves and their work. Thus can a real dialogue between superior and subordinate come into being. This dialogue leads to the future envisaging targets typical for MbO that can lead to even better results in the future.

- Beyond the mentioned statements of my research work I consider as a result the practical usage of performance assessment. I participated in the elaboration, implementation and operation of performance assessment systems applied both in the public service and competitive sector. Even if not in all cases, but in most of them I published the practical experiences I gathered.

Publications related to this topic:

- András Ménes (2010): We shall have our own performance assessment system. Humánpolitikai Szemle [Human Politics Review], 2010/September, p. 64-70. (ISSN 0865-7009)
- My suggestion regarding the techniques considered probably a novelty in the public service sector is the following:
  o Tools used in the private sector that aim at achieving efficiency bearing in mind only business interests shall be handled with care.
  o Also to be handled with care is the application of the attempts of western public services without proper adaptation.
  o The extent of basic wage diversions (-20%, +30%) shall be reconsidered reevaluating the possibility of positive diversion raising it eventually to +40%.
  o Team work and taking responsibility individually shall be promoted by material appreciation of a new type of responsibility assuming (Project Manager, Programme Manager, etc.).

5. New and innovative scientific results of the research study

Based on my investigations (literature review and empirical research), I present the new and innovative results as follows:
1. An innovative finding of my research study is constituted by the comparison between performance evaluations in the private sector and the evaluation methods applied in the public sector.

   Performance evaluation represents both financial and non-financial attributes of the given work performance. In the Hungarian public administration individual performance evaluation is prescribed by law. Domestic public administration is of a formalized nature. Individual
performance evaluation was introduced by the modification of Act XXIII of 1992 on the Legal Status of Public Officials, which entered into force in 2001. The introduction of the law was not preceded by the preparation of those concerned, neither did the approximately 12,000 senior officials in the national administration receive any training concerning the regulation and possible budgetary implications were not reviewed either. It is typically the responsibility of executives to carry out performance appraisals. The method introduced for performance evaluation seems entirely extraneous to the operational logic of the Hungarian public administration or to that of its staff management system. There is currently a system of classification in function, a performance evaluation system has also been introduced and measures are being taken to bring out a competence assessment and evaluation system in the future. In that way, the Hungarian public administration could perhaps be the first in the world to operate three appraisal systems simultaneously. In the private sector the need for performance appraisals was generated by competition itself. Consequently, it was used as a kind of motivational tool. The private sector has been applying performance appraisals for a long time by coupling them with the involvement of suitably qualified HR professionals and in the possession of sufficient funds available for this purpose. We certainly should not forget about the wide range of evaluation techniques either and the underlying methods accumulated in the fields of managerial science, psychology and sociology. On the basis of the facts summarized above and in view of the analyses and investigations I presented in my paper, it becomes clear that the performance evaluation applied in the private sector cannot simply be adapted to the performance evaluation used in the public sector. This, however, does not as such exclude the possibility of creating a model that is equally applicable both to the private sector and the public sector.

2. An innovative approach to making a comparison between performance evaluations applied in Hungary before the political transition and those used in the Western world.

Prior to the period of transition, the domestic performance evaluation was politicized and performed with the involvement of the grassroots
secretary, the trade union informer and the KISZ (the Hungarian Young Communist League) in the workplace. As a contrast to this, in the Western world the methods used for performance evaluation were those taken from the fields of psychology and sociology. However, the real truth of the matter is that political considerations came to play an ever-diminishing role in domestic performance assessment. Such considerations were gradually giving way to multi-criteria evaluation techniques started to be used in tests adopted from abroad. The Hungarian Institute of Executive Training has taken considerable efforts to promote the new approach.

3. The new result of my research is constituted by the comparison made between the mechanisms through which the performance appraisal of an executive and that of a subordinate is conducted.

During my research (literature review and practical experience), I often encountered performance evaluations where the evaluation criteria were identical both for executives and subordinates. While business-oriented thinking and strategic vision must be issues of high priority for executives, imposing similar expectations on a maintainer or on a secretary may seem rather bizarre. Whenever I was faced with cases like this in everyday life, I always proposed changes or corrections to be made to the evaluation criteria. There are certain requirements to be met by both executives and subordinates, such as punctuality, reducing absenteeism to the minimum, etc. Performance evaluation criteria should be drawn up against the job description of the given person assessed. This is the only way to conduct a fairly realistic and correct performance evaluation.

4. The other innovative result of my research study is that based on the analysis of empirical findings (by the use of my own survey and by relying on the international CRANET
database), I highlighted the types of operational aspects and HR elements which
distinguish the private sector from the public sector.

The above mentioned method applied in the empirical analysis is
presented in the table. Annual employee performance evaluation to be
carried out throughout the public sector is prescribed by law. Perhaps, it
would not even exist if it were not required by law. As can be seen from the
table, excellence in performance has no significant effect on
remuneration, career prospects or on the planning of resources. In the private
sector, performance evaluation is not prescribed by law but it is induced by
economic competition itself. Performance evaluation has a remarkable
impact on remuneration, professional development and career prospects.
In resource planning the private sector places more emphasis on
performance appraisal than the public sector. In the context of
operational aspects, the private sector takes greater account of
performance appraisals for the assessment of training needs and for
strengthening organizational rules. The public sector tends to apply
performance appraisals for issues of job description reviews and those of
problem-solving (primarily legal issues).

5. A further result of my research study is the creation of a model that is
   equally applicable
   both to the private sector and the public sector.

   Based on my practical experience and knowledge gained from the
specialized literature, I was able to create a model, against which the
performance evaluation system can be introduced and made to function
in both sectors. The model was designed to meet the particular criteria
of its being available and easy to use for everybody. A further criterion
was that it should imply few but a sufficient number of administrative steps.
In both sectors, performance evaluation is to be carried out against
criteria based on job descriptions. My study shows examples for this case.
Certain situations require weighted values to be applied for obtaining an
objective appraisal. I have presented an example for such situation in my
case study.
6. Another innovative result of my research facilitated the recognition that performance evaluation, as a tool for fostering cooperation between executives and subordinates and for developing partnership between them, contributes to the reduction of both the status differences and the power distance between them, furthermore, it also enhances the strengthening of management practices based on employee participation.

Status differences and power distance can be diminished primarily by establishing a cordial and relaxed atmosphere and by creating mutual trust during the evaluation discussions. Ideally, it should be an informal exchange of views between equal partners pursuing common goals. This is when status differences and power distance may diminish or disappear altogether. Therefore, employees feel that performance evaluation serves their own interest and it is also to the benefit of the organization. Thus, the practice of human resources management driven by employee involvement becomes strengthened and employee participation in resolving organizational and management issues becomes relatively more intense.
6. Publications

Scientific articles

Foreign language


Hungarian language

- Ménes András (2007): A tudományos tevékenységek teljesítményértékelése *Humánpolitikai Szemle* 2007./1., 58-64. o. (ISSN 0865-7009)
*Humánpolitikai Szemle* 2007./2., 17-27. o. (ISSN 0865-7009)

- Ménes András (2009): Várjuk az andragógusokat  
*Humánpolitikai Szemle* 2009/7-8, 105-110. o. (ISSN 0865-7009)

*Humánpolitikai Szemle* 2009/9-10, 110-129. o. (ISSN 0865-7009)

*Valóság* 2009/12, 59-74. o. (ISSN 0324-7228)

*Humánpolitikai Szemle* 2010. szeptember, 64-70. o. (ISSN 0865-7009)

*Munkaügyi Szemle* 2010./IV., 61-65. o. (ISSN 0541-3559)

*Humánpolitikai Szemle* 2010. november, 14-19. o. (ISSN 0865-7009)

*Humánpolitikai Szemle* 2011. április, 68. o. (ISSN 0865-7009)

*Munkaügyi Szemle* 2011/III, 48-51. o. (ISSN 0541-3559)

*Munkaügyi Szemle* 2011/IV, 43-47. o. (ISSN 0541-3559)

Humánpolitikai Szemle 2011. december, 64-65. o.  
(ISSN 0865-7009)

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Munkaügyi Szemle 2012/II., 99-100.o. (ISSN 0541-3559)

Humánpolitikai Szemle 2012. július- augusztus, 102-103. o.  
(ISSN 0865-7009)

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Foreign language


Hungarian language

- Ménes András (2007): Környezetvédelem piaci vagy állami módon?  


Others

- Ménes András (2006): A tudományos tevékenységek teljesítményértékelése Új Honvédségi Szemle 2006./12., 75-80. o. (ISSN 1216-7436)

