

## STUDY CONCERNING THE ASSESSMENT AND EVALUATION OF HUMAN FACTOR IN S.C. HIDROELECTRICA S.A., CURTEA DE ARGÈȘ

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### **Abstract**

*The assessment of professional performance is a delicate problem in the organization management. When it comes to training, payment or promotion, all these operations only take place following an assessment. The purpose of the assessment is to assist in making decisions that affect individuals, which decisions should have an objective and fair basis. The need for this activity is dictated by: the expression and sizing of the objectives, setting deviations from the objectives and making the necessary corrections, determining the directions and methods for the refresher training of the staff, decreasing the risks caused by retaining and promoting incompetent persons, a better assignment of the employees on positions, fair salaries, increasing the competitive capacity of the organization. All these are explicit functions of the performance assessment, but there are also implicit reasons. Assessment is an activity through which employees are motivated, personal contacts are maintained, high-quality work is recognised, and a certain image of the assessed employee is promoted.[2] Knowing then performance achieved involves an understanding of how tasks are fulfilled, the yield at the workplace. Knowing performance offers the assessed person self-confidence, and is also a mobilizing factor that generates a positive attitude towards work.*

**Key-words:** *human resources, professional performance, assessment*

**JEL Classification:** *M12, O15*

### **1. Introduction**

The problems related to the assessment of performance involve both practical considerations concerning how it should be performed, as well as philosophical considerations related to the reasons or causes due to which it must be performed.

The practical and theoretical considerations related to performance assessment should be treated in a closely interrelated manner, because any dysfunction of the assessment process has a negative impact on the achievement of the basic objectives of this activity.

For the individual, performance assessment also has a special emotional and psychological component, because in the assessment process, the individual has to relate both to himself or herself, as well as to the other members of the organization where he/she works. [1]

When it is not viewed as a pretext, as a mechanical, meaningless action, or as an administrative task, performance assessment proves to have a special influence on the economic and social life and on the organizational climate within a company with direct repercussions on the increase in the efficiency in general and in the productivity in particular.

Consequently, the performance evaluation systems are a particularly important intrinsic part of the management system in general and of the human resources management in particular, circumscribed, to a certain extent, to the organizational climate.[3]

Performance assessment is a central activity of the human resources management because this management makes many decisions related to the human resources management system.

In a broad sense, performance assessment is viewed as an action, a process or a certain type of cognitive activity.

In order to be efficient, performance assessment must be organically integrated into an adequate human resources management system, in which the fundamental features of the persons responsible for these activities are professionalism, fairness and credibility. More than in any other activity, the persons responsible for the performance assessment can face adversity reactions or their decisions can be challenged. [5]

The prevention of such attitudes implies that, in their actions, managers should rely on a code of ethics derived from the organisational culture, with fundamental values that are clear, relatively stable, generally accepted and known by the staff of the organization. Any sudden change can generate dissatisfaction, as well as contestation, or inequity. An employee who is assessed for a certain period of time, based on a certain system of values, as being efficient, valuable, cannot be suddenly told that is incompetent because the system of values has changed. [4] This is the reason why, in this field, changes should be carefully prepared, justified and mediated, in such a way as to be fully understood, so that the personnel should be allowed the time they need to change their behaviour.

## 2. SWOT analysis of S.C. Hidroelectrica S.A.

The trading company Hidroelectrica S.A. is registered with the Trade Register under number J40/7426/2000 and its taxpayer identification number is RO13267213 and was established as a fully government-owned company.

Under its Memorandum of Association, Articles of Incorporation of S.C. Hidroelectrica S.A., Annex 4.1. to decision no. 627 of 13.07.2000 of the Government of Romania, the scope of Hidroelectrica is to generate and sell electrical power, by executing, in compliance with the laws in force, trade acts corresponding to its object of activity.

Core object of activity: 351 – “Production, transmission, and distribution of electricity.”

Core activity: 3511 – “Production of electricity” and other secondary activities. [6]

The equity capital of al S.C. Hidroelectrica S.A. is owned by the Romanian Sate, through the Ministry of Economy, Trade and Business Environment in a percentage of 80.0561% and by S.C. Fondul Proprietatea S.A. in a percentage of 19.9439%.

S.C. HIDROELECTRICA S.A. is the largest electricity producer in Romania, and at the same time, the largest system service provider in Romania (approximately 80% in the total services), thus providing the stability of the National Energy System. The project energy corresponding to an average hydrological year is 17.46TW. Following the completion of the SWOT analysis, the following aspects were noticed:

### Strengths

- the monopoly position in the production, transmission, and distribution of electricity – Hidroelectrica is the main national electricity supplier;
- a good organizational climate, justified by the absence of labour conflicts and 0 absenteeism – the employees of Hidroelectrica are satisfied with the climate at their workplace and are not in then habit of not coming to work;
- the presence on the market for a long time substantiated by a well-known brand – Hidroelectrica is more than ten years old, and the population of the country knows the brand;
- the support of prestigious suppliers – the company resorts to large nationally and internationally recognized suppliers;
- the company has a modern management;

### Weaknesses

- the company relies on government-owned capital, which is a disadvantage in the current political and economic context – the problems generated by the economic crisis, and also by the political one present in Romania nowadays pose a threat for Hidroelectrica;

### Opportunities

- the possibility to establish new hydroelectric power plants in the country – there are several locations where efficient hydroelectric power plants could be built;
- the possibility to access European funds in order to build hydroelectric power plants, and to revamp the existing ones – certain formulas could be found to access European funds;

### Threats

- political conflicts that generate instability;
- the economic crisis.

## 3. Methodology for the appraisal and assessment of the human factor in S.C. Hidroelectrica S.A., S.H. Curtea de Argeş

### 3.1. Presentation of the assessment process. A critical analysis

The assessment of the individual performance of the employees is based on criteria set in accordance with the staff categories. For the technical, economic, socio-administrative staff and foremen, evaluators set job-specific SMART performance objectives using the form “Performance Objectives” presented in Annex 2. Within 5 days from the approval of the job-specific SMART performance objectives, one copy is handed to the employee, and another copy is kept by his/her superior in order that he may monitor such objectives directly. If in the reference period being assessed the duties and responsibilities of the employee included in the job description are changed, the SMART objectives are updated accordingly, and the approval and distribution process is resumed.

In the company, the reference period for the assessment of the individual performance of employees is 1<sup>st</sup> January to 31<sup>st</sup> December of each year, except the manager assessment program, which is performed every six months. The assessment action is conducted within a three-month period from the completion of the reference period, being carried out by the evaluator, a position occupied in the company by:

- the head of the functional compartment, in which the assessed employee works;
- personnel assigned by decision to coordinate the functional compartment, in which the assessed employee works;
- the executive managers of “Hidroelectrica” S.A. and the management staff of the branches of “Hidroelectrica” S.A. who are appointed by the General Manager according to his competence, for the directly subordinated staff, under the approved organizational structure.

The superiors of the evaluators have the responsibility to supervise the evaluation process, ensuring that it is conducted fairly, without discrimination and on time.

The selected method is the assessment of the performance of the human resources based on evaluation sheets. The sheets are filled in, and the evaluators ensure the fairness and objectivity of the mentions in the evaluation sheets. After the completion of the assessment, the sheets are summarised and the summarised situation is interpreted.

The assessment process is completed once a year, in the 1<sup>st</sup> January - 31<sup>st</sup> December period, which leads to a diminished stress factor, as the employees are no longer subject to pressure when the assessment period draws near. Consequently, we can say that the stress factor is completely absent in relation to the assessment process, because, regardless of the result of the assessment, the employee's labour agreement is no longer terminated, and the company resorts to less severe methods. These methods include: a limited number of warnings, sending the employee to trainings without compensating the costs, financial penalises or even demotion. Only in more serious cases, the termination of the employment is used.

The assessment sheets used in the process of appraising the human factor in a company are structured based on 6 criteria, i.e.: the achievement of the performance objectives and of the professional duties, the application of professional knowledge, creativity, teamwork, the conduct on the job and the leadership. Each criterion will be given a score corresponding to the performance level of the employee, as follows: as very good designates an employee who meets all job requirements, and moreover, fulfils other related tasks specific to other positions; good outlines an employee who performs all duties listed in the job description, but limits himself to this; adequate characterizes an employee who succeeds in carrying out all his tasks without excelling or taking initiatives; weak, a level where steps should be taken to improve the activity in a the shortest possible time.

Good outlines an employee who performs all duties listed in the job description, but limits himself to this; adequate characterizes an employee who succeeds in carrying out all his tasks without excelling or taking initiatives; weak, a level where steps should be taken to improve the activity in a short time. The improvement measures will be approved only after thoroughly analyzing all the issues that have led to a low performance level. These measures are also presented to employees and then put into practice.

The purpose of these measures is to improve quality and the activities performed, while taking into account the fact that any activity is likely to be constantly improved so it can be said that human resources should be subject to continuous improvement in order that the yield of the activities performed should be at the expected level.

The objectives are well defined, in order to help obtain levels of performance as high as possible, as both regarding the tasks of each employee, and the continuous training of human resources.

If we had to do a critical analysis of the assessment conducted by SC Hydropower JSC, we could say that, first of all, the criteria based on which the assessment is made are not sufficient to accurately outline the performance of the employee. A total number of six criteria cannot highlight an employee's ability to perform his duties responsibly and on time and to determine the extent to which he can and successfully take initiative or initiate projects to improve the quality of work and the results obtained.

Secondly, the evaluation is done once a year. This can lead to discrepancies in the yields obtained throughout the year, and without a thorough analysis research we cannot determine the causes that led to the occurrence of the problems. The human resources evolve continuously and thus we should keep accurate records of each employee's performance and how they present themselves throughout the contract period.

### ***3.2. Assessment model proposed***

The changes we propose for the method described above refer to the use of assessment scales that are important in determining the performance level of each employee as accurately as possible. The assessment scales based on which the people included on the assessment list will have to be evaluated. The assessment scales represent performance that was determined by analyzing the activity of the employees; the most relevant dimensions that contribute to professional success were selected.

Each assessment scale refers to a specific type of performance. At the top of each scheme we have the name of the dimension that must be assessed. The actual assessment scale is mentioned vertically under the definition from the higher or exceptional performance, to lower or poor performance. The numbers on the scale, from 9-1 correspond to

different levels of efficiency of the respective performance field. A 9 rate means exceptional performance, 5 means average performance and 1 a very weak performance. To the right of each scale, there are a number of examples. The ones at the top of the scale express an efficient performance, the ones in the central area of the scale describe an average performance and ones at the bottom of the performance scale express a performance closed to the lower limit.

Thus the individual performance assessment sheet was filled in by a sample of 20 people.

Following this assessment the purpose is to determine the preparedness, leadership and training ability, and aspects related to the integration into a team, the compliance with the work discipline, behavioural balance and ethical profile. Consequently, depending on the level of performance achieved by each evaluated person, we will be able to initiate rewarding actions or, on the contrary, penalising ones, and also some training or refresher programs.

The proposed assessment sheets contain 11 representative criteria for determining the level of performance of the employees, i.e.: the volume of theoretical and practical knowledge, the application of professional knowledge, the professional effectiveness, the responsiveness to professional requirements, the management capacity, the integration into a team, the training capacity, the compliance with labour discipline, the computer literacy and the cultural horizon, the behaviour balance, and the ethical profile. Each of these criteria is detailed in Annex 4, in the attempt of explaining the criterion as thoroughly as possible.

Each criterion contains examples that illustrate various ways of expressing the behavioural anchor. Moreover, these examples were structured on three levels as follows: high quality and volume performance rates; average, ordinary results, without standing out; and performance at the lower limit.

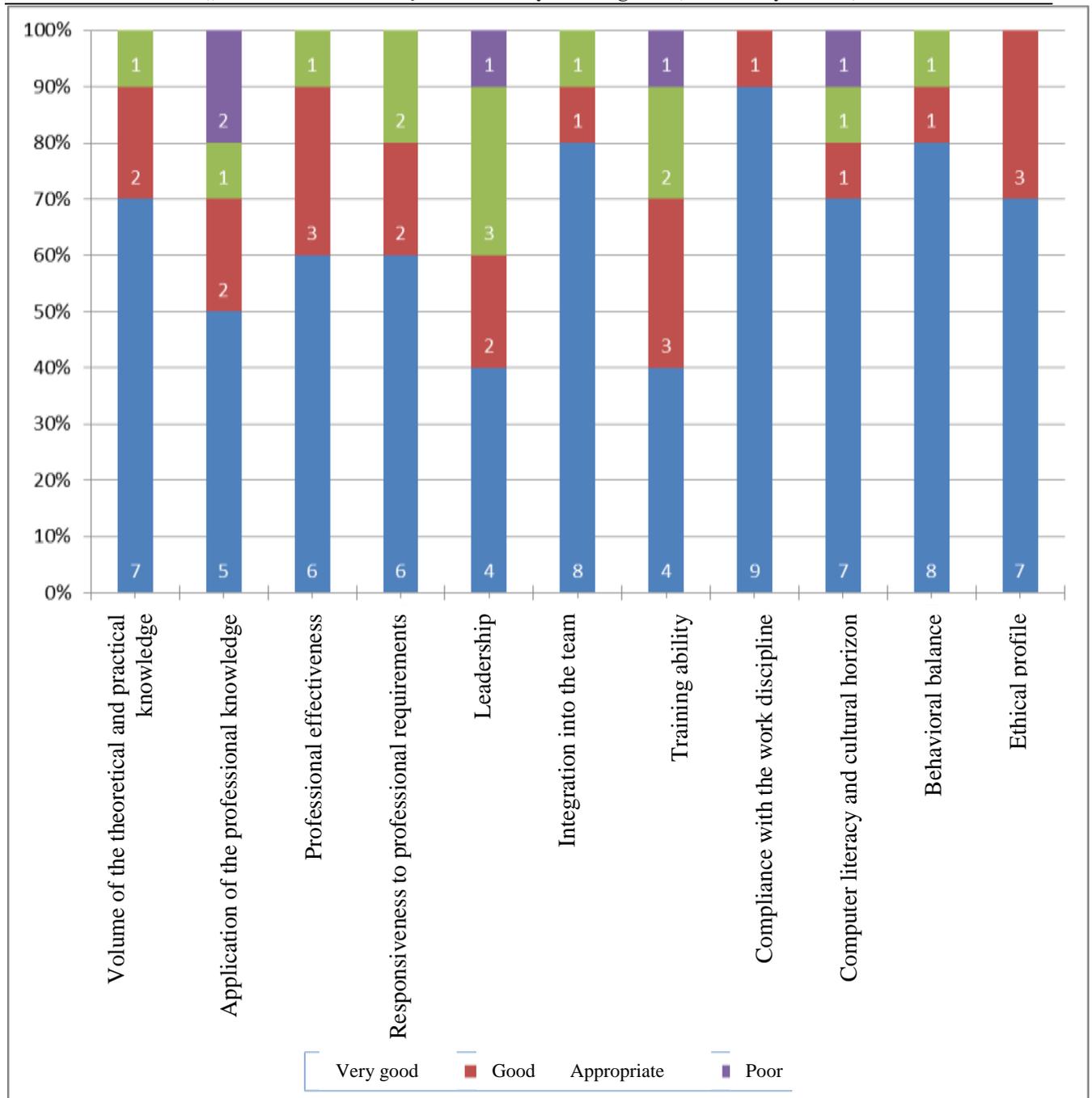
Through the presented examples, the assessment can be made much easier because the evaluator easily identifies the key aspects to be pursued in the evaluation, so that this process may have the desired yield.

Another very important step of the process is communicating the results to employees, so they can each make file challenges if they feel wronged. These challenges will be settled by another committee, thus eliminating any bias or any other injustice. Only when all challenges have been resolved, the next stage of the process can be initiated.

After filling in the assessment sheets and resolving the challenges, the results obtained were interpreted, and the next step was to summarize the data using a form.

Finally conclusions were formulated, and, of course certain recommendations for the improvement of the activity of assessing the human factor.

Based on the results, we drew up the following diagram:



The interpretation of the data in the assessment sheets can be found below, and is done for each criterion, adding a few explanations within the behavioural anchors.

Thus, the lines below are representative in this regard:

- the case of the volume of theoretical and practical knowledge, 70% of the persons obtained a very good rating, which shows exceptional training, coupled with special practical sense and also proving they are updated with all the news from its specialization, 20% achieved good performance, such persons who were included in this category are well trained in theory, without being able to put into practice what they knew well and only 10% were deemed appropriate according to the required criteria;
- for the second criterion, namely the application of professional knowledge, 50% of the evaluated employees were deemed very good, the persons included in this category being always concerned to find new directions for the application of specialized knowledge; they know professional factors contributing to the achievement of safety in the use of technology and equipment and working tools, 20% were rated good - people who are aware of the implications of the failure of any machine on the technology and staff, 10% were rated appropriate, namely they were unsure if they are not assisted by other staff and collaborate with other sectors

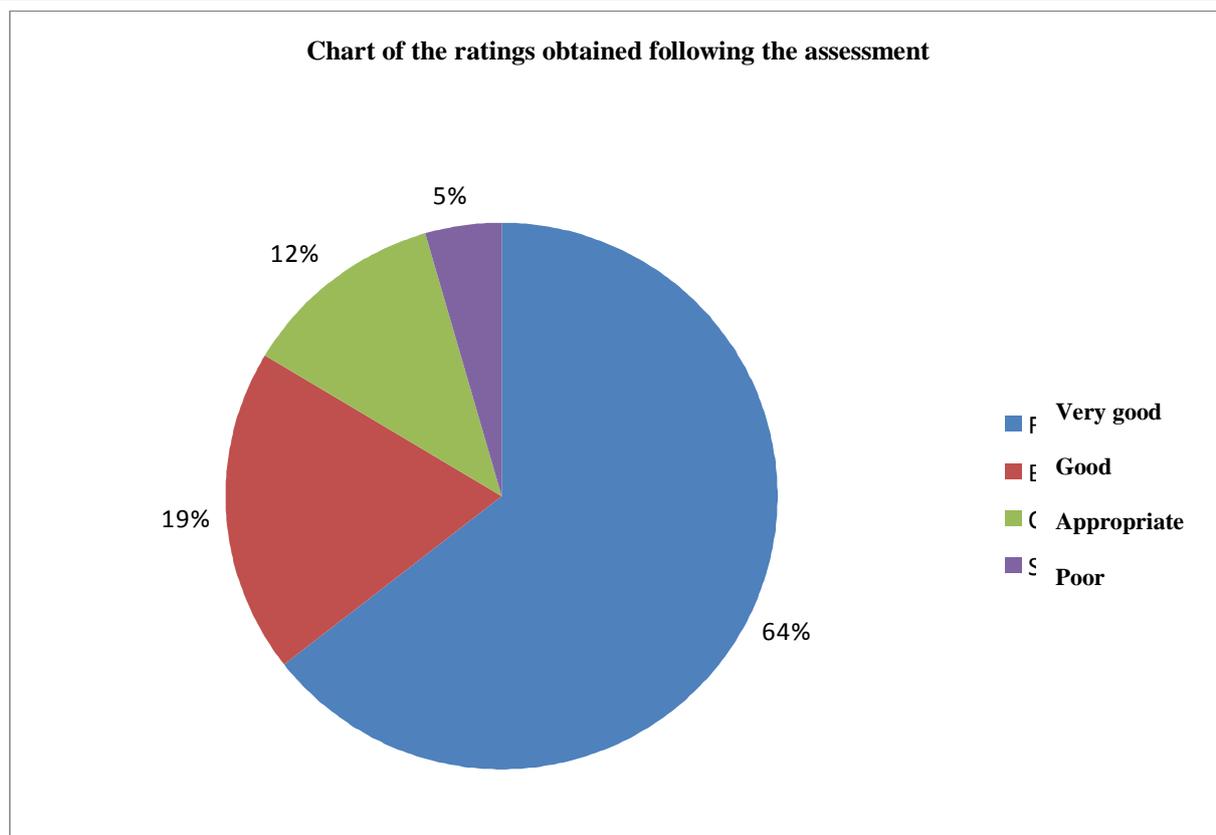
at a low level; 20% proved the need for improvement in this regard: they could not make the connection between theory and practice, even in everyday situations were not interested in the industry connections with other areas, are were not interested in the issue of collaboration with the other staff;

- relation to the professional effectiveness, 60% of evaluated persons do not expect mobilization to come from another person, showing initiative in fulfilling their tasks on time and with professionalism, 30% of the staff assessed accurately plan their time for completion of the assigned tasks without performing other related tasks and 10% were rated appropriate, this category including people who do not have own initiatives and do not stand out by personal contributions to the fulfilment of the duties;
- the criterion of responsiveness to professional requirements, 60% of the people assessed were rated very good, proving promptness and seriousness, initiating projects for a better organization of work, 20% were rated good and 20% were rated appropriate, the latter ones failing to show initiative, performing things just out of obligation, without trying to increase the yield of their actions;
- in terms of leadership, 40% of the assessed staff were rated very good, demonstrating exigency and rigorousness in the organization and planning of their subordinates' activities, but also showing understanding for their problems, being intransigent when appropriate, 20% were rated good, 30% were rated appropriate, this category including people who are superficial when it comes to knowing the people's capabilities related to the assignment of tasks within the team, and 10% were rated poor;
- another criterion used is the integration in a team. Here, 80% of the employees are sociable, willing to cooperate, able to understand and also to get understood themselves. They are respected and appreciated by the team. 10% are more solitary, but manage to get integrated into the team, and 10% are people who fail to integrate rapidly and completely into the team;
- the training capacity is another criterion that was used to evaluate staff. According to it, 40% are people who know how to treat the issues occurred, do not lose patience when they cannot make themselves understood and know very well the level of training and ability to communicate effectively of each, 30% were rated good, 20% were rated appropriate, this category including people who fail to provide rigorous explanations, and find an appropriate language with difficulty, and 10% were rated poor, this category including people who fail to make themselves understood and do not make efforts to provide further explanations;
- another important criterion in the assessment of the staff is the compliance with the labour discipline, thus, 90% were rated very good, consequently, employees comply with the work programme, the hierarchical relationships, and with their job descriptions and only 10% were rated good;
- for the computer literacy and cultural horizon criterion, 70% of the employees have multilateral knowledge, a permanent curiosity for a wide range of knowledge, which concern is substantiated in papers and the Ph.D. title, as well as by their in symposia, conferences and scientific sessions, 10% - were rated good 10% were rated appropriate, people without having the initiative to initiate extra-professional discussions, but participate in them if they are present, using only traditional methods and procedures, and 10% do not show interest in other areas, overwhelmed by the explosion of information news in their field, and having gaps in their general culture;
- the behavioural balance is a criterion that divided the as follows: 80% are people adopt and support solutions with calm and determination, calmly solve any problems occurred in their work team and are able to weigh the circumstances in which the find themselves, 10% - are rated good, and 10% show a behaviour that has no positive or negative influence, without intervening in conflict situations, and are not included in the sample of people who are easily influenced, indecisive, taking hasty decisions without listening to the opinions of the other colleagues in order to better weigh the situation and formulate the most appropriate solutions.
- a final criterion used is the ethical profile. Thus, 70% act to increase the awareness of their team in relation to provisions of the management and are honest, and 30% were rated good, being, people who participate in social activities only if required and not stand up to negative manifestations of their colleagues.

Following the interpretation of the results, we can notice that for more than 50% of the criteria the performance level obtained tends to be very good and good, which means that the employees are very well assigned to their positions and the duties and responsibilities are appropriate to their level of knowledge, and also to the individual profile.

It can also be noted that there are certain criteria for which the performance level is low, such as the training ability and the leadership. This can be remedied by adopting measures of employee training and development, and also by reconsidering the structural and procedural organization.

The results obtained following after summarizing the assessments can be depicted with the help of diagrams, the following figure being representative in this respect.



It can be seen that an important percentage of the evaluated employees (with an average of 65%) were rated very good at the assessment performed. In the case of these people, no corrective action is required and it is recommendable to grant some rewards in order to boost performance, both for those who already excel and those who have not reached their peak performance.

It can also be noticed that an average of 19% of the assessed employees were included in the category of those who could easily reach the maximum level, another 12% meet the standards, but does not excel, and 4% have made serious improvements to rise to the expected performance level.

#### 4. Conclusions

Following the study performed, we can draw conclusions concerning the results obtained, and proposals for the improvement of the process of assessing the individual performance of human resources and of the activity at the level of the company.

According to the chart made at the end of the assessment, 84% of employees received above average ratings. The figure is significant; consequently, the company does not record issues related to the individual performance. However, there was a percentage of 4% which is deficient in this respect. In their case, corrective measures are required, among which we mention:

- attending trainings in their field, and several courses in related fields;
- participation in applied management training programs;
- periodic organization of theoretical training sessions in order to continue training and to ensure the flow of newly-emerged information in the field
- if the measures set out above do not yield the expected results after approximately 3 months, measures can be implemented, such as wages decrease, demotion of position, or even dismissal.

Furthermore, we support the company with a set of proposals to improve individual performance assessment:

- first of all, we believe that it is useful to have a quarterly assessment process (instead of an annual one);
- the implementation of new assessment tools, such as aptitude tests and personality scales with behavioural descriptions;
- formulating questionnaires and filling them anonymously by the employees at the end of each month, in relation to their fellow workers' performance.

After the SWOT analysis performed, we can formulate some proposals for improving the performance of the company:

- renegotiating contracts with the suppliers with the purpose of obtaining the optimal price/quality ratios;
- developing investment projects and attracting private capital in order to strengthen the company in relation to the political and economic situation of the country;
- proposing projects based on European Community funds for the construction of new hydropower plants located in strategic areas of the country;
- technologically revamping the existing power plants in order to obtain maximum yield in the production of electricity.

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