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Effectiveness of the Appraisal Performance System: Case 'ORKILA Group

A Thesis Submitted in Partial Fulfillment of the Requirements for the Joint Degree of the Master of Business Administration (M.B.A.) and the Master of Science in International Business (M.I.B.)

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Approval Certificate

EFFECTIVENESS OF APPRAISAL PERFORMANCE SYSTEM: CASE ORKILA GROUP

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DECLARATION

I hereby declare that this Thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other University.

MICHELINE SALAMEH

ABSTRACT

Does your Appraisal System Work? Can Appraisal System work as a method of retaining human power and work as a strategy for building culture?

Each year, employees and their immediate bosses enter into an elaborate gaming exercise called the annual performance appraisal. Most of it is form filling, and yet every company goes through the ritual. It's time to reappraise appraisal systems. Appraisal systems require constant rejuvenation and renewal. If appraisal systems have to serve developmental purposes without creating any insecurity or defensiveness we need to learn to treat employees with a shade more dignity. Despite widespread attention and resources performance appraisals remain an area with which few managers or employees are satisfied. Is it, that we don't have a good enough system yet or is there an intrinsic?

Problem with performance appraisals, or is it just human nature to dislike or disagree with systems that we already have? This paper aims to make appraisals work for you and addresses issues relating to performance planning, evaluation, feedback and counseling and how to use it as a developmental tool to build culture and to understand the corporate strategy of 'ORKILA as a group.

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ACKNOWLEDGMENTS

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In addition to the technical and instrumental assistance above, I received equally important assistance from my family (my sisters Rita and Patricia, my brother Antonio). My father, Hanna who instilled in me, from an early age, the desire and skills to study and especially to get my Master degree. And I would like to thank my colleagues Halim Ghosn and Checkrallah Salameh for their continuance support. I am also thankful to Rami Jammal for his understanding. Also, I wish to thank the respondents of my study (who remain anonymous for confidentiality purposes). Their comments and insights created an informative and interesting project with opportunities for future work. Finally, I would like to thank 'ORKILA management who gave me the opportunity and the support to do the case study on their companies.

This thesis was done to the memory of my mother Youssfieh who was and remains my muse.

CONTENTS

Chapter 1: INTRODUCTION

1. Introduction

The objective of my thesis is to stress on the importance of a structured Human Resources in any company. And how it can help to develop the competence of the employees and motivate them to achieve the company's goals. The main point would be on the appraisal performance, which is a formal system of review and evaluation of individual or team task performance, because an effective appraisal system evaluates accomplishments and initiates plans for development, goals and objectives. Appraising performance assumes that performance standards have been set, and also that you will give employee feedback and incentives to help him or her eliminate performance deficiencies or continue to perform above par (Dessler, 1999).

The idea that appraisals are just one element in the process of improving employee performance is nothing new. However, managers generally take the integrated nature of that process – of setting goals, training employees, and then appraising and rewarding them – much more seriously today than they have in the past (Dessler, 1999).

1.2 Companies Background

In this thesis, the author will introduce three companies from 'ORKILA group: 'ORKILA Lebanon sal, 'ORKILA International sal Offshore and 'ORKILA Jordan. Those companies are based in Lebanon and Jordan but cover also the territory of KSA, Syria and Ivory Coast.

1.2.1 Rhodia Lebanon

Rhodia SA is a world leader in the development and production of specialty chemicals. It provides added-value products and high-performance solutions to diversified markets, including automotive, electronics, flavors and fragrances, health, personal and home care, consumer goods and industrial, through its six global enterprises. Rhodia Lebanon sal was owned by 90% by Rhodia SA, France and 10% shares owned by the management of DAI (Direction des Affaires Internationals). DAI was responsible of managing the Rhodia's offices all around the world.

Rhodia Lebanon sal, headquarter in Lebanon, covered Lebanon, Syria (local distributor), Jordan (representative office), Iraq and Palestine. The managing director was based in France. The commercial director was based in Jordan (www.rhodia.com).

1.2.2 Orkila Group

In July 2005, 'ORKILA was founded as the result of a Management Buy Out (MBO), concluded by the former management team of the companies of the Middle East and Africa zone of Rhodia's (formerly Rhône-Poulenc) International Affairs Division.

Inheriting a hundred years of experience in the chemical industry, the combined skills and experience of the team will guarantee that 'ORKILA ensures continuity for all customers and suppliers and continues to grow and prosper to the advantage of both customers and principals (www.orkila.com).

The 'ORKILA group is the largest distributor of chemical products in the Middle East and African markets as it is shown in figure 1. The company imports and sells chemical products that are intermediates for pharmaceuticals, foodstuffs, crop-protection agents, oilfield and metal treatment applications and industrial and household cleaning products (www.orkila.com).

'ORKILA sources product from a solid base of over 200 major chemical manufacturers. Also, 'ORKILA supplies a broad client base of 2,500 customers ranging from multi-national manufacturing subsidiaries to small local customers (Figure 2). It employs more than 205 people and operates in more than 30 countries (www.orkila.com).

'ORKILA offers a flexible, highly reactive service together with comprehensive logistics network. The Group provides market intelligence and a safe professional route to market. 'ORKILA operates a cost effective and closely managed local distribution network from strategically positioned warehouses throughout the region (www.orkila.com).

'ORKILA's highly qualified sales force offers a resource, which adds value to the business and establishes 'ORKILA as a sound, resilient organization, capable of delivering growth opportunities for both suppliers and customers (www.orkila.com).

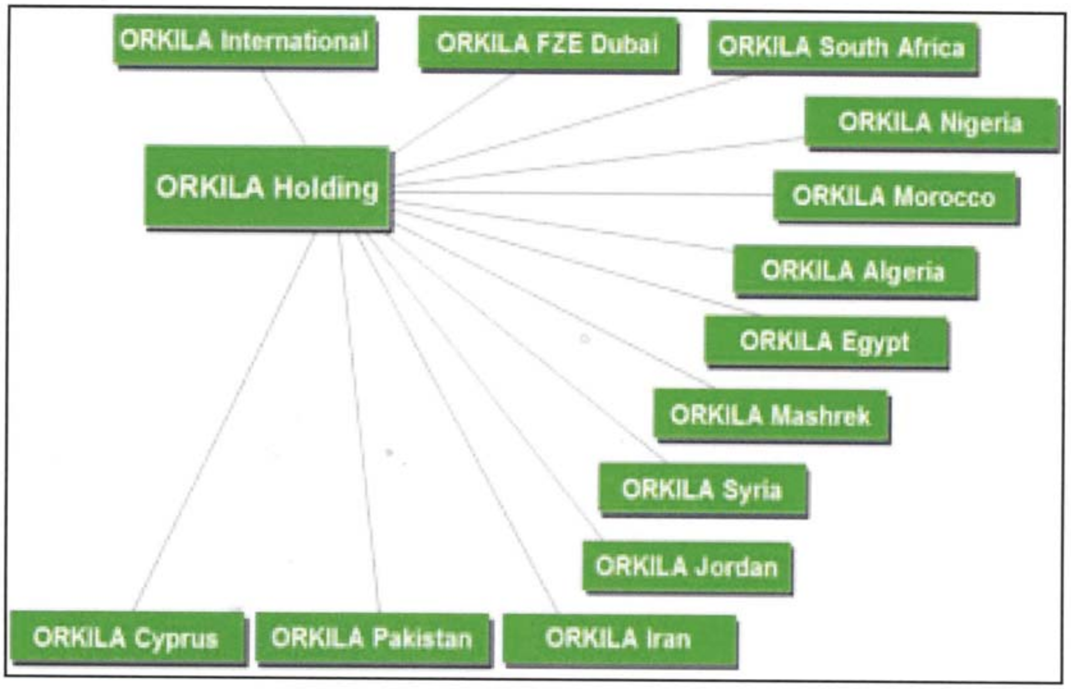

Figure 1 - Orkila Group Organization (www.Orkila.com)

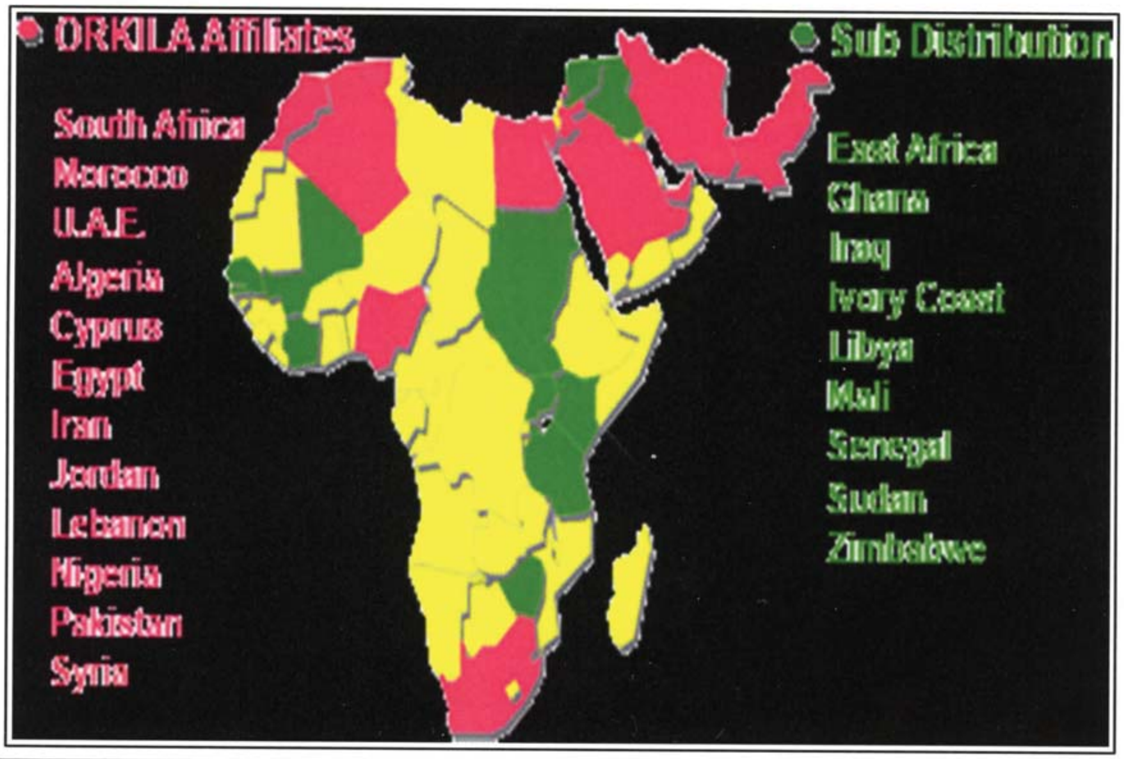

Figure 2 - Orkila Affiliates & Sub Distributors (www.Orkila.com)

1.2.3 Orkila Lebanon sal

'ORKILA Lebanon sal head office is in Ashrafieh, SNA Building. 'ORKILA Lebanon covers Lebanese territory. The main employees are Financial Manager, two sales managers, a commercial assistant and a driver. Each sales manager is responsible of different sector or market segment: Food, Feed, home and personal care and the other is construction, pharmaceuticals and silicones. They are not only responsible of selling or promoting the products but also of contacting the suppliers, negotiating the price and putting the orders and setting the selling price. The General Manager, the Regional Manager (according the each segment) and the Financial the purchase orders should approve by Manager. The commercial assistant will do the follow up with the suppliers till the shipment arrives to the warehouse. 'ORKILA Lebanon does not have warehouse of its own but it rents space at Aramex logistic warehouse. The accounting department each month does the inventory follow up.

In 'ORKILA Lebanon, there are two types of sales: Direct Indent and Ex-stock sales. Direct Indent is when the sale is done directly to the customers. The supplier invoice will be issued in the name of the customer. And 'ORKILA Lebanon will get commission on it from the supplier. The commission rate varies from supplier to supplier according to the product and the contract (Figure 3).

The Ex-stock Sales are done directly from the warehouse of the company to the customers which a gross margin. The gross margin should be more than 15% (company's policy) but sometimes it is less according the products and the competition in the market.

The credit limit of each customer is set by the business manager of each sector and approved by the Financial Manager and the Regional Manager of each sector.

1.2.4 Orkila International sal Offshore

In October 2007, 'ORKILA International sal Offshore was created to cover the territory of Syria, Iraq, KSA and Ivory Coast.

The main employees are two regional managers, two business managers (Syria and KSA), accounting manager and a commercial assistant. The business manager (Lebanese), who is responsible of covering the Syrian territory, is based in Syria. The

Company has rented a house for him. He spends 5 days in Syria from Sunday till Thursday. On Friday, he has to return to the office in Lebanon to submit his report to the regional manager.

The other business manager, who is responsible of the Saudi Arabian Market, is based in Lebanon. He has to travel two times each 3 month to KSA. He has spent 10 to 15 days there to visit the clients and to enhance the sales.

For Ivory Coast and Senegal, we are in the process of opening a company there with office and warehouse.

The role of the two regional managers is not only exclusive for 'ORKILA International sal Offshore but also for 'ORKILA Lebanon sal and 'ORKILA Jordan Ltd. The same is for the Financial Manager is to manage the finance issues of the three companies (Figure 3).

There are two types of sales in 'ORKILA International sal Offshore: Direct Indent and re-invoicing sales. The Direct Sales are the same as in 'ORKILA Lebanon sal. The Re-Invoicing sales are done as the following:

We put the order in the name of the 'ORKILA International sal Offshore. The supplier will invoice us the bill of lading would be in the name of the client with his address but consignee 'ORKILA International Offshore. The documents will be sent to our company. We issue the invoice and the packing list in the name of the client adding a gross margin. We legalize the invoice and the Certificate of Origin from the Chamber of Commerce. The new documents will be sent to the customer bank through our bank to insure the payment. 75% of the re-invoicing sales are done cash against documents (CAD).

1.2.5 Orkila Jordan Ltd

'ORKILA Jordan Ltd was created in June 2008 to cover the Jordanian Market, 50% 'ORKILA Holding, 50% Jordanian investor according to the Jordanian law. The main employees are three business managers (KSA, Jordan), commercial & financial assistant and an office boy (Figure 3).

There are two types of sales: Indent Sales and Ex-Stock sales. The Direct Sales are the same as in 'ORKILA Lebanon sal And Offshore Company. The Ex-Stock sales are also as 'ORKILA Lebanon sal. The company rented warehouse at Aramex Logistics.

'ORKILA Jordan Ltd has contract with an audit firm to do the accounting and the auditing. The accounting and stock software has VPN option where the accounting department in Lebanon can do the follow up and withdraw the information for reports.

The financial manager travels once every 2 to 3 months to Jordan to meet the auditors and comment on any changes that should be done.

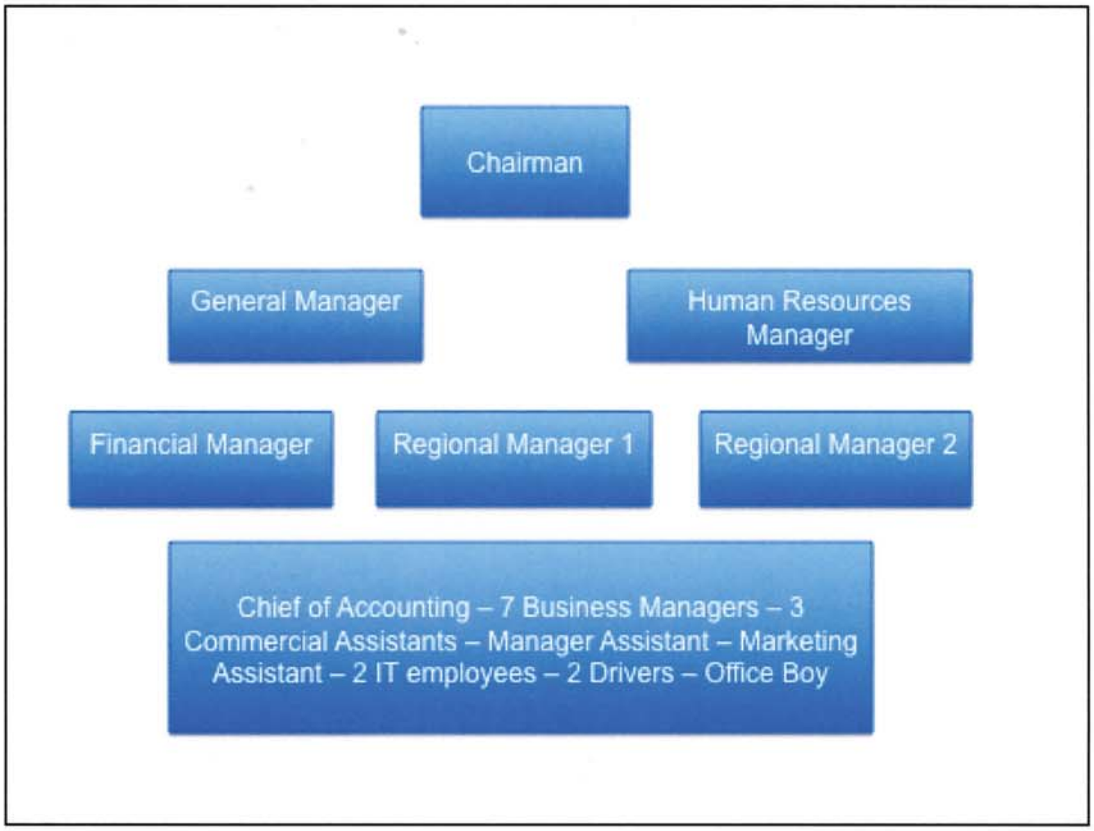

Figure 3 - Management Structure of 'ORKILA Lebanon, Offshore and Jordan (Author)

1.3 Purpose and Goal of Thesis

In December 2000, the author was appointed in Rhodia as Administrative and Financial Manager. She was responsible of the management of the office in Lebanon under the supervision of the General Manager who is based in Jordan. Back then, the Chairman interviewed her and later she met the CFO of Rhodia (DAI). The author has signed a contract with a specific job description. When the buyout management occurred, the general manager left the company and two of the business managers who were based in Lebanon, were appointed as regional managers (each according to business segment) for Lebanon, Jordan, Syria and KSA. The two regional managers divided the management according the country. One was responsible for the management of Lebanon and Syria and the other for Jordan and KSA. And the author was appointed as Financial Manager. But the problem occurred when a job description at the management level was not set or modified. The author found herself doing the job of management along with the financial work. Chaos happened due to lack of communication. The motivation, management organization and job description are absent. No targets are set for the employees to in order to enhance their performance and development. The appraisal performances are totally not available. The internal work law and rules should be raised to enable the employees to know their rights and obligations. The human Resources manager job was only based on recruitment and training. When the author decided to write her thesis on restructuring the HRD of 'ORKILA, she took the approval of the president of the company. And he directed her toward the HR manager. The discussion was based on training and she gave the author a job description process used in 'ORKILA Maroc but absent in 'ORKILA Lebanon.

1.4 Research Questions

In this thesis, the author will answer and test the following questions through survey:

- Is the appraisal system of 'ORKILA Group efficient?
- Does the Appraisal System Work in an effective way?
- Can Appraisal System work as a method of retaining human power and work as a strategy for building culture?

1.5 Overview of All Chapters

Below an outline of the thesis which clarifies the connection between the research questions and the four chapters. This thesis consists of five chapters summarized as follows:

Chapter 1 –Provides the reader with an insight to the research area. It begins with an introduction about 'ORKILA group background, followed by the problem discussion and the overall purpose and goals of the thesis (The overall purpose is more specifically defined with the research questions), and finally the structure and outline of the study are presented.

Chapter 2 –It begins with an introduction about the importance of the HRD. Then it presents the theoretical framework, terminologies, and definitions of each role that the HRD plays in every company. It begins by the recruitment and hiring, then by the training and development followed by the importance of the rules (labor law) and communication and finally we will stress on the benefits, motivation and appraisal. The appraisal system will be the main topic of the research questions and hypotheses.

Chapter 3 - Presents the methodology for this study, data collection technique, and information gathering and research methods. It also presents the participants used in the survey and the ethical considerations.

Chapter 4–This chapter presents the main findings obtained from the surveys and questionnaires executed with key persons from every department in the three companies. Also, it mentions the limitations that the author passed through during the survey.

Chapter 5 - The major findings that are related to the purpose of the thesis will be presented in this chapter in order to conclude with recommendations and conclusion for the changes that should be done in order to create an effective and efficient appraisal performance system for 'ORKILA group.

Chapter 2: REVIEW OF LITERATURE

2.1 Importance of Human Resources Management

Organizational Psychology holds that successful organizations do not owe their success solely to market realities and sustainable competitive advantages. Actually, there is a lot more. Successful companies are those that consider their human capital as their most important asset. Facts and figures are the quantitative elements of successful management, yet the qualitative, i.e. the cognitive aspects, are those that actually make or break an organization.

Human Resources Management (HRM) is the strategic management of the employees, who individually and collectively contribute to the achievement of the strategic objectives of the organization. Assuming that the employees of an organization are individuals with own mental maps and perceptions, own goals and own personalities and as such they cannot be perceived as a whole, HRM holds that the organization should be able to employ both individual and group psychology in order to commit employees to the achievement of organizational goals.

Aiming to enable the organization to achieve its strategic goals by attracting, retaining and developing employees, HRM functions as the link between the organization and the employees. A company should first become aware of the needs of its employees, and at a later stage, understand and evaluate these needs in order to make its employees perceive their job as a part of their personal life, and not as a routine obligation. To that end, HRM is very crucial for the whole function of an organization because it assists the organization to create loyal employees, who are ready to offer their best.

The HRM activities in modern organizations are typically performed in communication with the General Management in an effort to provide a variety of views when a decision must be taken. In that way, decision-making is not subject to the individual perceptions of the HR or the General Manager, but it becomes the outcome of strategic consensus.

The main goals / responsibilities of HRM are to retain low employee turnover rate by inspiring people to work for the company, to attract new employees and also to contribute to employee development (HR articles/the importance of HRM in modern organizations).

To achieve these goals, Human Resources Management trains and motivates the employees by communicating ethical policies and socially responsible behavior to them. In doing so, it plays a significant role in clarifying the organization's problems and providing solutions, while making employees working more efficiently (HR articles/the importance of HRM in modern organizations).

On the other hand, challenges do not cease for the HRM. Modern organizations can survive in the dynamic, competitive environment of today only if they capitalize on the full potential of each employee. Unfortunately, many companies have not understood the importance of the human capital in successful operations. The recruitment and selection of the best employees is a very difficult obligation. Even companies that are voted in the top-ten places to work at, often endure long periods of hard work to realize that human element is all an organization should care about(HR articles/the importance of HRM in modern organizations).

New challenges arise even now for the organization, and it is certain that new challenges will never cease to emerge. Therefore, the use of proper Human Resources techniques is a really powerful way for organizations to overcome these challenges, and to improve not only their quantitative goals but also their organizational culture, and their qualitative, cognitive aspects (HR articles/the importance of HRM in modern organizations).

2.2 Recruitment and Hiring

"Finding the right person for the right job" is the most critical function for the Human Resources Management, particularly in a small business setting. An important aspect of selecting the right employees is looking toward the future. You shouldn't hire to meet the needs of your company today; you should be hiring to meet the needs of where your company intends to be in the future, in four or five years. Some companies don't make the right decision in choosing their employees because they make emotional decisions: They interview the candidates and within five minutes they determine whether they like them. Or they fail to state selection on specific job related criteria: the HR should set the criteria for the job in order to find the right person. Or they overlook cultural fit: HR should look at the team and see how they work together and what their individual personalities are (Grensing-Pophal, 2002).

The chart below illustrates a series of steps typical to staff recruitment and hiring process and designates the office/individual responsible. These are designed to provide a coordinated and logical sequence of events, since an unsystematic approach may cause confusion or legal difficulties for the organization.

Steps in the recruitment/hiring process:

Steps	**Office Responsible**
1. Identify need for position	Program Mgr./HRD Office
2. Develop/Classify Job Description	Program Mgr./HRD Office
3. Approve Position to be filled	Organization Management
4. Internal Posting if appropriate	HRD Office
5. Develop/Implement Recruitment Plan	HRD Office
6. Screen Candidates' resume	Program Mgr./HRD Office
7. Make initial Contact with Candidates	Program Mgr./HRD Office
8. Conduct Interviews*	Program Mgr.
9. Conduct Reference Checks	Program Mgr.
10. Make Hiring Decision	Program Mgr./HRD Office
11. Make Employment Offer, Negotiate Salary	HRD Office
12. Document the Hiring Process	HRD Office
13. Conduct Orientation for New Employee	HRD Office
14. Conduct Performance Planning with New Employee	Program Mgr./Supervisor
15. Review Probationary Period	Supervisor
16. Confirm Employment Status	Supervisor

Table 1 - Steps to recruitment (www.erc.msh.org)

2.2.1 Step 1: Developing Hiring Criteria

Before you effectively and objectively review applications and resumes, you need to determine the criteria against which each applicant will be evaluated. This is a process based on a review of the job analysis and job description, as well as the recruitment advertising that has been done. If you are recruiting a salesperson to sell computer components, for instance, the criteria might include sales experience, knowledge of computer components, ability to work effectively with internal resources, demonstrated ability to sell products in the computer industry, to process paperwork and handle administrative duties (Grensing-Pophal, 2002).

For each of the criteria developed, you might apply a ranking. It is important, though, that you take the time-along with the hiring manager-to complete this very important step. It helps to streamline the process and also insures that your decisions are based on solid, job-related criteria (Grensing-Pophal, 2002)

2.2.2 Step 2: Reviewing the Application or Resume and Cover Letter

Traditionally, companies want resumes, in addition to an application form, process. The resume is marketing tool for the applicant. If written and completed well, it emphasizes the strengths of the applicant for the particular position while minimizing weaknesses and avoiding embarrassing topics or problem areas. Because applications provide the information in more rigid form, they can be useful in identifying gaps in employment history, problems areas, and educational weaknesses.

The key is to develop a method of evaluation that helps to quantify the process and to remove the potential for subjective bias. Results of the analysis help you to narrow the number of candidates under consideration and also provide a basis of comparison across multiple raters (Grensing-Pophal, 2002).

In addition to objective criteria you will be considering when the evaluating job candidates, there are some subjective considerations that can affect the decision on whether to interview a specific candidate. Cover letters can provide insight into an applicant's attitudes and abilities to the job. The following questions can be helpful in evaluating the candidates: If the cover letter is traditions kind (sent by email or hand delivered, typed or hand written), is it tailored specifically for your organization or addressed to a specific person in the organization? Are the spelling and grammar correct? Does it clearly highlight the applicant's qualifications for the position? Is it persuasive in a way that shows if the candidates fit the position and the organization? (Grensing-Pophal, 2002).

After reviewing the cover letter, the resume should also provide information that can be helpful in narrowing the field of the applicants. A well-researched and well-written resume suggests a strong candidate and conversely, a poor written resume, despite experience and skills, suggests poor candidates. The resume might give you an insight about the qualifications of the candidates. You should look if there are errors in the spelling and grammar and the information presented are easy to understand. Check if the applicant meets the minimal educational requirements for the job and which position did he holds and if the titles are valid. Does the applicant meet the minimum experience for the position? Is other information included: education level, hobbies, award, and involvement? (Grensing-Pophal, 2002).

2.2.3 Step 3: Interviewing

The employment interview is a goal-oriented conversation in which the interviewer and applicant supposedly exchange information. Interviews continue to be the primary method companies use to evaluate applicants.

Remember that when you interview candidates, you represent the organization. A good interview can leave a candidate with positive feelings about the organization even if no job offer results, while a bad interview may result in a bad reputation for the organization (Mondy-Noe, 1997).

The purpose of an interview is to gather information about the applicants' competencies and work experience so that you can select the best qualified candidate. The key to an effective interview is having clearly defined selection criteria with related interview questions, developed before the interview (Mondy-Noe, 1997).

Your goal is to have a fair and effective process for conducting interviews. Statutes governing fair employment cover the interview process as well as the selection of the candidate. To ensure fairness, you should conduct structured interviews in which each candidate is asked a predetermined set of questions and all candidates are measured against the same criteria. Also, you should treat all candidates in a fair, equal, and consistent manner and eliminate cultural or other forms of bias in the interview process. Furthermore, you should evaluate candidates effectively by developing and asking a variety of questions, including direct, open-ended, and situational questions. Also, you must keep your top candidates interested by completing the interview process quickly. Finally, choose the best candidate for the job (Mondy-Noe, 1997).

There are several types of interviews that you can use according to the job posting:

Competency-Based Interviewing: Competency-Based Interviewing is the most effective method and can be used in all types of interviews. Competency-Based Interviewing identifies the skills, abilities, and talents that account for on-the-job performance. Integrating a behavioral competency model of interviewing, supervisors and managers move beyond exploring what and when a candidate did something to how and why they did it. The competencies that the candidate used are more important than the duties he was assigned in a previous job and for how long. Confirming transferable skill sets, defining behavioral indicators, and asking self-appraisal or third-party appraisal questions are some competency-based interviewing techniques (Berkeley University of California, 2008).

Panel Interviews: These are conducted by a small group of managers. Panel interviews allow for various perspectives on the competencies required for the position and each candidate's qualifications, providing a more objective measurement of the candidate's ability to do the job. If the position requires technical expertise that the hiring authority doesn't have, it is best to include someone who has such expertise (Berkeley University of California, 2008).

Individual interviews: These are one-on-one interviews. In some instances, the supervisor may conduct the first round of interviews and select one to three finalists for final interviews by the manager (Berkeley University of California, 2008).

Sequential interviews: Sequential interviews consist of a series of panel or individual interviews; the purpose is to give various individuals or groups a chance to interview and assess a candidate (Berkeley University of California, 2008).

Unstructured interview: It is one in which the interviewer ask probing, open-ended questions. This type of interview is comprehensive, and the interviewer encourages the applicant to do much of the talking (Berkeley University of California, 2008).

Structured (Directive or Patterned) interview: It is a series of job-related questions asked of each applicant for a particular job. The use of a structured interview increases reliability and accuracy by reducing the subjectivity and inconsistency of unstructured interviews. It contains four types of questions. First, the situational questions are those that pose a typical job situation to determine what the applicant did in a similar situation. Second, job-knowledge questions are those that probe the applicant's job-related knowledge; those questions may relate to educational skills or complex skills. Third, job-sample simulation scientific or managerial questions involve situations in which an applicant may be required to answer questions related to performance of a task. Forth, worker requirements questions are those that seek to determine the applicant's willingness to conform to the requirements of the job, for example, like moving to another city or willing to travel a lot (Berkeley University of California, 2008).

A careful preparation for the interview is the key to a successful interview process. First, you have to assemble a diverse panel: include supervisors, staff members who are knowledgeable about the job and who have some relationship to the job (e.g., those to whom the job will provide service or support). Include people of different genders, ethnic groups, and physical abilities whenever possible. Then, confirm that all panel members' schedules will allow for full participation. Always make sure the committee's charge is clear and members know their roles and responsibilities. And have the interview/selection committee review the job description and requisition to define the job in behavioral terms. Select competencies to describe the desired candidate (experience, knowledge, education, and intellectual, interpersonal, and motivational competencies). This is your job/candidate profile. Then, have the interview/selection committee review each candidate's resume. To allow the panel member's access to view the resumes, be sure you include them when you create the requisition. If you don't have the individuals confirmed at that time you may also include them when you are scheduling the interviews. After that select those who best match your job/candidate profile for interview in order to have the interview/selection committee prepare interview questions. Then, you should have copy of the job description and an updated organization chart to provide each candidate before the interview. It is very essential to arrange for interviews to be conducted in a quiet and private place, free of distractions and interruptions and allow fifteen-minute breaks between the interviews to make notes and to review the candidate's resume and supporting materials shortly before the interview to refresh your memory. After the interview each interview panelist should record his or her evaluation and recommendation in the interview evaluation form (Berkeley University of California, 2008).

You should ask questions that elicit the applicant's competencies relative to the competencies necessary to effectively perform the job. If you maintain a correlation between questions and requirements, you'll get pertinent information about the candidate's suitability. Ask only questions that specifically pertain to the candidate's skills, knowledge, abilities, and interests related to the position, as described on the requisition and job description, based on the predetermined selection criteria. Questions related to gender, sexual orientation, age, marital status, color, race, religion, national origin, medical condition, pregnancy, or disabilities are inappropriate and against the law (Berkeley University of California, 2008).

When conducting the interview, you should maintain the following process. First, you should set the interview climate. Choose a location free from interruptions and hold all calls. Arrange a casual seating arrangement that doesn't put the candidate in the "hot seat." If it is a panel interview, arrange the panel in a U-shape or circle. Then, you should establish rapport. Put the candidate at ease; refer to something you noted on the candidate's application to show you have carefully studied it. Set the agenda. Describe the interview structure; this will help you and the candidate achieve a concise, focused interview. It is important to take notes. This will help you ask follow-up questions and recall specifics about each candidate (Berkeley University of California, 2008).

Listen carefully. Don't anticipate the candidate's answers. Reserve judgment until the person has finished. And maintain control. If the candidate gets off track, ask a specific question that will bring the interview back on the subject. Allow silence and be patient. The candidate may need some time to put his thoughts together to provide specific answers to your questions (Berkeley University of California, 2008).

And finally when you conclude the interview, you should ask whether the candidate has anything more to tell you about his candidacy or any questions about the job/employer. Then explain the next step in the process, including whether there will be further interviews, when you will make your decision, and how the candidate will be informed of your decision. And at the end of the interview, thank the candidate for interviewing for the position (Berkeley University of California, 2008).

Before admitting the next candidate, complete your notes and/or rating sheets immediately; don't rely on your memory. And decide whether the candidate meets, exceeds, or does not meet the requirements. Finally, prepare for your next interview (Berkeley University of California, 2008).

2.2.4 Step 4: Reference Check

Always check references of your top candidates regardless of your impressions of their qualifications. A mistake is costly in time, energy, and money; take the time to check references before making a job offer (Berkeley University of California, 2008).

Reference checks can reveal information about an applicant's behavior with prior employers that could be critical to your decision, regardless of the applicant's skills, knowledge, and abilities. Failure to check references can have serious legal consequences for the organization. If an employee engages in violent, harmful behavior similar to that, which occurred during previous employment, which would have been revealed in a reference check, the organization can be held legally responsible for negligent hiring (Berkeley University of California, 2008).

Checking references should be done after you have interviewed the candidate. Checking references before the interview can create false expectations and affect your ability to evaluate the applicant's qualifications objectively. And advise the candidate that you will be checking references and ask whether it is okay to talk with the current supervisor and ask him or her for other references (other supervisors, co-workers, customers, etc.). Make sure to allow each candidate to provide you with the same number of references (Berkeley University of California, 2008).

Then, develop a set of job-related questions to be used on all reference checks. As with interview questions, target your questions to the competencies needed in the job, use a written questionnaire form so that you can write notes next to the printed questions and to document the reference check (Berkeley University of California, 2008).

The following guidelines when you are conducting all telephone reference checks, whether the candidate is a campus employee or an outside applicant:

1 Introduces yourself and states the purpose of your call.
2 Confirm that it is a convenient time to talk.
3 Briefly describes the position for which the applicant has applied
4 Confirm the relationship between the person giving the reference and the applicant. (The most relevant information often comes from the former immediate supervisor.)
5 Verify basic data such as job title, duties, salary, and dates of employment.
6 If you check references for some applicants, do not hire another applicant without checking references.
7 Ask the same basic questions about all applicants. Weigh information you receive in the same manner for all applicants; what disqualifies one should be the basis for disqualifying any other.
8 Consider the source. Remember that the information is limited by the perception of the person giving it. If you receive negative information about an applicant, weigh it with data from other references before using it to make a decision.
9 Remember that there are special requirements for you, for the applicant, and for the reference-giver when the position is safety-sensitive and involves operation of a commercial motor vehicle. These include identification of certain prior employers by the applicant, and the results of drug and alcohol tests, which prior employers are legally required to provide. You, in turn, have specific guidelines for processing information received from both the applicant and the prior employers (Berkeley University of California, 2008).

2.2.4 Step 4: Making the Hiring Decision

The hiring process can be long, complex, and challenging for both the HR professional and the hiring manager. If the process has been carefully outlined, and if the HR professional plays a role in helping to coach the hiring manager through the process, it can be much simplified, resulting in a timely and valid decision (Grensing-Pophal, 2002).

The question always lingers: "Have we made the right choice?" In reality, there is no one right choice – no perfect candidate. There are simple options to consider. By considering these options and by establishing selection criteria, the HR professional and the hiring manager can feel more comfortable about the decision that is made. When working with the hiring manger, you can help to facilitate this process if the position has been analyzed and the essential functions identified and the prescreening process identified candidates who met the qualifications (Grensing-Pophal, 2002).

The first interviews will identify the distinguished candidates. The second round might be scheduled for those who are extremely qualified. Also verification the job history, qualification, education and experience of the candidates are essential. Then the evaluation tools should be set to choose the right candidates by the hiring manager (Grensing-Pophal, 2002).

Based on careful analysis, a top applicant will eventually emerge. This candidate will receive a conditional offer of employment. Any salary negotiation should take place at this step. If the applicant accepts, if applicable, a physical should be scheduled. If the applicant declines, the next-ranked applicant will be offered the job. This process continues until a selection is made. All applicants should be sent a letter notifying that the position has been filled (Grensing-Pophal, 2002).

2.2.5 Step 5: New Employee Orientation

When selection is made and the company's offer accepted, it can be tempting that the hard work has been done but it is not. It is just begun. The habits and pattern that an employee establishes during the first few weeks of employment will have a strong influence on that employee's attitude, productivity, and team spirit for months and years to come (Truesdell, 1998).

Starting first day at work is like going for the first time to school. It was a bit frightening: Lots of new people and a completely different environment. The new employee is not quite sure how he would be accepted (Truesdell, 1998).

New employees feel much the same way. They are coming into a new environment, meeting new people, and are not sure how they will be accepted. Employers can ease the transition and take advantage of the opportunity to get the relationship off to a good start (Truesdell, 1998).

What employees really want to know during the first days is often very different from what their organization wants. They really want to know about the issues that affect them individually and to feel secure on a personal level before they can look beyond their needs to the needs of the organization. It is preferable that on the first day not to talk about the organization's strategic goals, budget, or competitive strategies (Truesdell, 1998).

What is needed to welcome your new employee: Smile, and tell them that the organization is glad that they have come to work in your establishment. You can make a big difference at this point. Show them around the facility, pointing out any important features along the way like emergency exits and hazardous areas, for example. Pretend you are showing a guest through your home. You want to make them feel comfortable and for them to relax as much as possible. Introduce them to people you meet along the way. Chances are your new worker won't be able to remember everyone's name when they are through with your tour, but you will at least have given other people the chance to teach whom the new person is. As you introduce your new employee, explain what job they will be assigned and who they will be reporting to. This will help existing employees mentally fit the new person into what they know of your organization (Truesdell, 1998).

Introduce your new employee to the supervisor they will be reporting to, if they haven't already met. Show them their workstation and where to get any supplies they might need. Talk briefly about important contacts they will want to remember; such as the person responsible for ordering supplies, the payroll person and any others you feels are keys to the operation (Truesdell, 1998).

Prepare a checklist of subjects, which should be reviewed with each new employee and then set aside the appropriate amount of time so that can be done. Let everyone else know that you are not to be interrupted while you are orienting your new worker. You will want to convey to the new person that they are the most important item on your agenda at the moment (Truesdell, 1998).

Consider the following items for your New Employee Orientation Checklist:

- Personnel file contents
- Job application or resume
- Interview summary
- Reference check information Verification of any licenses or certifications required on this person's job (driver's license, teaching credential, broker's license, etc.)

Also, HRM should complete necessary paperwork:

- Employment agreement/contract
- Receipt for their copy of your employee handbook
- R4 Form for payroll withholding
- Personal data sheet so you will have the information necessary on emergency contacts, home address and telephone number, social security number, etc.
- Social Security or identification card information form
- Benefit coverage election and beneficiary designation forms for your benefit programs, which provide immediate eligibility for all employees (Insurance...)

It is very important to explain the following practices and procedures used in your organization:

- Hours of work and attendance/tardiness policy
- Payroll periods, when paychecks are delivered and when first check will arrive
- Rates of pay
- Overtime rules
- Training or introductory employment period
- Employee benefits for which they are or may become eligible:
  1. Medical insurance

2. Sick leave
3. Vacation
4. Personal leave, jury duty, holidays
5. Life, disability and accident insurance
6. Employee activities
7. Other benefits you offer and how much the employer will pay for each

- Advancement or promotion opportunities and procedures
- Employee suggestion plan
- Parking arrangements (Truesdell, 1998).

It is very important to show the new employee any marketing or informational materials, which are used with the customers or clients of the company or to play any video, or audiotapes you have prepared for employees or customers that explain what the organization is all about.

The HRM should explain his organization's mission and its philosophy of doing business.

"The way we do things around here..."(Truesdell, 1998).

"We believe that our customers are..."(Truesdell, 1998).

"Nothing is more important than..."(Truesdell, 1998).

During the orientation discussion with the new employee, HRM wants to take the opportunity to stress, "How they do things around here." This is the best time to create the attitude the organization wants their workers to have in performing their jobs. It should be made positive and stress the things, which are truly important to the organization. And, give the employee opportunity to ask questions along the way (Truesdell, 1998).

Be sure you show your new employee where the required employment posters are located. If it's in a lunch room/break room, take the opportunity to explain the rules for use of that part of your facility (Truesdell, 1998).

How long should this process take? That depends on you and your organization. It will likely require an hour of your time at a minimum. It will be an hour, which can clarify important information and avoid misunderstandings that could take you many hours to correct later on. An hour making people feel welcome, important and giving them the information they need to succeed in your organization is indeed an hour well spent (Truesdell, 1998).

2.3 Training and Development

Human resource Development (HRD) is a major HRM function that consists not only of training and development but also individual career planning and development activities, organization development, and performance appraisal, and activity that emphasizes T&D needs. Training provides learners with the knowledge and skills needed for their present jobs. Showing a worker how to operate a machine or a supervisor how to schedule daily production are examples of training. On the other hand, development involves learning that goes beyond today's job and has a more long-term development. It prepares employees to keep pace with the organization as it changes and grows (Mondy-Noe, 1997).

In virtually every market, customers are demanding higher quality, lower costs, and faster cycle times. To meet these requirements, firms must continually improve their overall performance. Rapid advances in technology and improved processes have been important factors in helping businesses meet this challenge. However, the most important competitive advantage for any firm is its workforce-one that must remain competent through continuous T&D efforts. Organizations spend over $50 billion every year on formal T&D programs. To many, this may seem like a tremendous amount of money. However, successful organizations realize that their well-structured and significant employee T&D programs correlate strongly with long-term success (Mondy-Noe, 1997).

A learning organization is a firm that recognizes the critical importance of continuous performance-related T&D and takes appropriate actions. Such a firm views training as a strategic investment rather than a budgeted action. Once undervalued in a corporate world, training programs are now credited with strengthening customer satisfaction, contributing to partnership development activities and, finally, reinforcing the bottom line (Mondy-Noe, 1997).

2.3.1 Organizational Change and Training and Development

The primary challenge of T&D is to anticipate change and to respond proactively to it. Change involves moving from one condition to another, it will affect individuals, groups, and entire organizations. All organizations experience change of some sort, and the rate at which change takes place is accelerating. The important prominent changes affecting T&D that were predicted and are actually occurring today in business such as changes in organization structure caused by mergers, acquisitions, rapid growth, downsizing, and outsourcing, changes in technology and the need for more highly skilled workers, changes in the educational level of employees; some more highly educated, others needing remedial training and changes in human resources creating a diverse workforce consisting of many groups. Also, competitive pressures necessitating flexible courses and just-in-time and just-what's-needed training and as well as increased emphasis on learning organizations and human performance management (Mondy-Noe, 1997).

Change affects every human being. As change agents, managers and staff specialists involved with T&D must understand the difficulties associated with change and the ways to gain acceptance to change (Mondy-Noe, 1997).

The impetus for change comes from a belief that the organization and its human resources can be more productive and successful. A firm's past success guarantees neither future prosperity nor even survival (Mondy-Noe, 1997)

2.3.2 Factors Influencing Training and Development

Change is one factor that both impacts and is impacted by T&D. Other issues may often determine whether a firm achieves its T&D objectives as followed:

Top management support: For T&D programs to be successful, leadership support at the top is a requirement because without T &D the employee can reach its high achievement and the organization will reach its goal.

Commitment from specialists and generalists: In addition to top management, all managers, whether they may be specialists or generalists, should be committed to and involved in the T&D process. The primary responsibility for training and development lies with the line managers, from the president and chairman of the board on down. T&D professionals merely provide the technical expertise (Bizmove.com).

Technological advances: Perhaps no factor has influenced T&D more than technology. The computer and the Internet, in particular, are dramatically affecting the conduct of all business functions. Technology has played a huge role in changing the way knowledge is delivered to employees, and this change is constantly being extended (Bizmove.com).

Organization complexity: In recent years, the increasingly rapid changes in technology, products, systems, and method have had a significant impact on job requirements. Thus, successful employees constantly upgrade their skills and develop an attitude that permits them not only to adept to change, but also to accept and even seek it. Many organizations have changes dramatically resulting from downsizing, technological innovations, and customer demands for new and better products and services. Supervisors and operative employees performing in self-directed teams are taking up much of the slack from dwindling middle-management ranks. All these changes translate into a greater need for T&D (Bizmove.com).

Learning styles: Steven Covey, author of The Seven Habits of Highly Effective People, suggests that organizations create a culture where every learner becomes a teacher becomes a teacher and every teacher becomes a learner. The firm supplies not only individual knowledge but also creates institutional knowledge so that when an employee leaves the organization, another individual still possesses the same knowledge (Covey, 1989).

2.3.3 Purpose of Employee Training and Development Process

The quality of employees and their development through training and education are major factors in determining long-term profitability of a small business. If you hire and keep good employees, it is good policy to invest in the development of their skills, so they can increase their productivity (Bizmove.com).

Training often is considered for new employees only. This is a mistake because ongoing training for current employees helps them adjust to rapidly changing job requirements. Reasons for emphasizing the growth and development of personnel are to create a pool of readily available and adequate replacements for personnel who may leave or move up in the organization and to enhance the company's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff as well as to build a more efficient, effective and highly motivated team, which enhances the company's competitive position and improves employee morale. And finally, to ensuring adequate human resources for expansion into new programs (Bizmove.com).

Research has shown specific benefits that a small business receives from training and developing its workers, which are to increase productivity, reduce employee turnover and on the other hand increase efficiency resulting in financial gains while decrease needs for supervision (Bizmove.com).

Employees frequently develop a greater sense of self-worth, dignity and well being as they become more valuable to the firm and to society. Generally they will receive a greater share of the material gains that result from their increased productivity. These factors give them a sense of satisfaction through the achievement of personal and company goals (Bizmove.com).

2.3.4 The Training Process

The firm should have a clearly defined strategy and set of objectives that direct and drive all the decisions made especially for training decisions. Firms that plan their training process are more successful than those that do not. Most business owners want to succeed, but do not engage in training design that promise to improve their chances of success (Bizmove.com). Why they do so? The five reasons most often identified are:

Time - Small businesses managers find that time demands do not allow them to train employees (Bizmove.com).

Getting started - Most small business managers have not practiced training employees. The training process is unfamiliar (Bizmove.com).

Broad expertise - Managers tend to have broad expertise rather than the specialized skills needed for training and development activities (Bizmove.com).

Lack of trust and openness - Many managers prefer to keep information to them. By doing so, they keep information from subordinates and others who could be useful in the training and development process (Bizmove.com).

Skepticism as to the value of the training - Some small business owners believe the future cannot be predicted or controlled and their efforts, therefore, are best centered on current activities i.e., making money today (Bizmove.com).

A well-conceived training program can help the firm succeed. A program structured with the company's strategy and objectives in mind have a high probability of improving productivity and other goals that are set in the training mission (Bizmove.com).

The purpose of formulating a training strategy is to answer two relatively simple but vitally important questions: (1) what is the business of the firm? And (2) what should the business be? Armed with the answers to these questions and a clear vision of its mission, strategy and objectives, a company can identify its training needs. (Bizmove.com)

2.3.5 Identifying Training Needs

Analyzing three major human resource areas can assess training needs: the organization as a whole, the job characteristics and the needs of the individuals. This analysis will provide answers to the following questions: Where is training needed? What specifically must an employee learn in order to be more productive? Who needs to be trained? (Bizmove.com).

Begin by assessing the current status of the company how it does what it does best and the abilities of the employees to do these tasks. This analysis will provide some benchmarks against which the effectiveness of a training program can be evaluated. The firm should know where it wants to be in five years from its long-range strategic plan. What needed is a training program to take the firm from here to there (Bizmove.com).

Second, consider whether the organization is financially committed to supporting the training efforts. If not, any attempt to develop a solid training program will fail. Next, determine exactly where training is needed. It is foolish to implement a companywide training effort without concentrating resources where they are needed most. An internal audit will help point out areas that may benefit from training. Also, a skills inventory can help determine the skills possessed by the employees in general. This inventory will help the organization determine what skills are available now and what skills are needed for future development (Bizmove.com). Also, in today's market-driven economy, you would be remiss not to ask the customers what they like about the business and what areas they think should be improved. In summary, the analysis should focus on the total organization and should tell (1) where training is needed and (2) where it will work within the organization (Bizmove.com).

Once the firm has determined where training is needed, concentrate on the content of the program. Training based on job descriptions should go into detail about how the job is performed on a task-by-task basis (Bizmove.com).

Individual employees can be evaluated by comparing their current skill levels or performance to the organization's performance standards or anticipated needs. Any discrepancies between actual and anticipated skill levels identify a training need (Bizmove.com).

Once it is decided what training is necessary and where it is needed, the next decision is who should be trained? For a small business, this question is crucial. Training an employee is expensive, especially when he or she leaves your firm for a better job. Therefore, it is important to carefully select who will be trained (Bizmove.com).

Training programs should be designed to consider the ability of the employee to learn the material and to use it effectively, and to make the most efficient use of resources possible. It is also important that employees be motivated by the training experience. Employee failure in the program is not only damaging to the employee but a waste of money as well. Selecting the right trainees is important to the success of the program (Bizmove.com).

The goals of the training program should relate directly to the needs determined by the assessment process outlined above. Course objectives should clearly state what behavior or skill will be changed as a result of the training and should relate to the mission and strategic plan of the company. Goals should include milestones to help take the employee from where he or she is today to where the firm wants him or her in the future. Setting goals helps to evaluate the training program and also to motivate employees. Allowing employees to participate in setting goals increases the probability of success. (Bizmove.com)

2.3.6 Training Methods

There are two broad types of training available to small businesses: on-the-job and off-the-job techniques. Individual circumstances and the "who," "what" and "why" of the training program determine which method to use.

On-the-job training is delivered to employees while they perform their regular jobs. In this way, they do not lose time while they are learning. After a plan is developed for what should be taught, employees should be informed of the details. A timetable should be established with periodic evaluations to inform employees about their progress. On-the-job techniques include orientations, job instruction training, apprenticeships, internships and assistantships, job rotation and coaching (Dessler, 1999).

Off-the-job techniques include lectures, special study, films, television conferences or discussions, case studies, role-playing, simulation, programmed instruction and laboratory training (Dessler, 1999).

Orientations are for new employees. The first several days on the job are crucial in the success of new employees. This point is illustrated by the fact that 60 percent of all employees who quit do so in the first ten days. Orientation training should emphasize the company's history and mission. The candidates should be introduced to the key members in the organization and in the department, and how the department helps fulfill the mission of the company. Also, you should tell the candidates about the personnel rules and regulations (Dessler, 1999).

Some companies use verbal presentations while others have written presentations. Many small businesses convey these topics in one-on-one orientations. No matter what method is used, it is important that the newcomer understand his or her new place of employment (Dessler, 1999).

Lectures present training material verbally and are used when the goal is to present a great deal of material to many people. It is more cost effective to lecture to a group than to train people individually. Lecturing is one-way communication and as such may not be the most effective way to train. Also, it is hard to ensure that the entire audience understands a topic on the same level; by targeting the average attendee you may under train some and lose others. Despite these drawbacks, lecturing is the most cost-effective way of reaching large audiences (Dessler, 1999).

Role-playing and simulation are training techniques that attempt to bring realistic decision making situations to the trainee. Likely problems and alternative solutions are presented for discussion. The adage there is no better trainer than experience is exemplified with this type of training. Experienced employees can describe real world experiences, and can help in and learn from developing the solutions to these simulations. This method is cost effective and is used in marketing and management training (Dessler, 1999).

Audiovisual methods such as television, videotapes and films are the most effective means of providing real world conditions and situations in a short time. One advantage is that the presentation is the same no matter how many times it is played. This is not true with lectures, which can change as the speaker is changed or can be influenced by outside constraints. The major flaw with the audiovisual method is that it does not allow for questions and interactions with the speaker, nor does it allow for changes in the presentation for different audiences (Dessler, 1999).

Job rotation involves moving an employee through a series of jobs so he or she can get a good feel for the tasks that are associated with different jobs. It is usually used in training for supervisory positions. The employee learns a little about everything. This is a good strategy for small businesses because of the many jobs an employee may be asked to do (Dessler, 1999).

Apprenticeships develop employees who can do many different tasks. They usually involve several related groups of skills that allow the apprentice to practice a particular trade, and they take place over a long period of time in which the apprentice works for, and with, the senior skilled worker. Apprenticeships are especially appropriate for jobs requiring production skills (Dessler, 1999).

Programmed learning, computer-aided instruction and interactive video all have one thing in common: they allow the trainee to learn at his or her own pace. Also, they allow material already learned to be bypassed in favor of material with which a trainee is having difficulty. After the introductory period, the instructor need not be present, and the trainee can learn as his or her time allows. These methods sound good, but may be beyond the resources of some small businesses (Dessler, 1999).

Laboratory training is conducted for groups by skilled trainers. It usually is conducted at a neutral site and is used by upper- and middle management trainees to develop a spirit of teamwork and an increased ability to deal with management and peers. It can be costly and usually is offered by larger small businesses (Dessler, 1999).

2.3.7 Evaluation of Training

Training should be evaluated several times during the process. Determine these milestones when the training is developed. Employees should be evaluated by comparing their newly acquired skills with the skills defined by the goals of the training program. Any discrepancies should be noted and adjustments made to the training program to enable it to meet specified goals. Many training programs fall short of their expectations simply because the administrator failed to evaluate its progress until it was too late. Timely evaluation will prevent the training from straying from its goals (Bizmove.com).

2.4 Rules (Labor Law), Communication, and Record-Keeping

In any society, rules develop as a natural outgrowth of a developing population. As the number of employees grows so do the number of employees grows, so do the number and complexity of the interactions among the people. Rules are required to guide and govern the nature of those interactions. Those rules frequently start out informally – "We will come to work at 8:00 a.m. and leave at 5:00 p.m." – and this system works quite well for a while. As time elapses, however, and as the company grows or changes, the rules need to be formalized. They need to be written down: the result – policies, procedures, employee handbooks, and personnel files (Dessler, 1999).

2.4.1 Policies and Procedures

Labor law of each country addresses requirements for workers' compensation insurance coverage, safety regulations (such as minimum age for operating hazardous equipment), and occasionally minimum wage. Companies often have additional requirements (Grensing-Pophal, 2002).

As a human resource professional you need to know all of the basic labor law for each country (Lebanon, Jordan, or any other countries) that affect your company. Your task is made somewhat easier, fortunately, if you start by identifying federal laws and general human resource requirements (Grensing-Pophal, 2002).

A policy is a broad guideline to be followed under a given set of circumstances – a policy addressing the use of the Internet, for example. Policies are written to allow managers to easily grasp their intent and take the necessary action to ensure compliance. Policies are often included in employee handbooks to give general direction on management's expectations of employees (Grensing-Pophal, 2002).

A procedure is a sequence of steps for accomplishing an objective – the steps in processing payroll, for example. Procedures may further interpret or define how a policy should be carried out; they might be considered the rules for certain actions and non-actions (Grensing-Pophal, 2002).

The development and implementation of policies and procedures varies by company and is guided by the company's overall philosophies and culture. Well-defined and appropriate policies serve to assure employees that the company will treat them fairly and objectively. Policies tell employees what is expected of them. Managers also benefit from clearly established and well-communicated policies. Well -developed policies help managers resolve problems with greater confidence by providing an objective basis for their decisions. In additions, policy statements can provide answers to employee questions that might otherwise have to be referred to supervisors (Grensing-Pophal, 2002).

There is no magical list of what should or should not be included. Your policies and procedures are a reflection of your corporate culture. Their contents will depend on the size, nature, and background of your company and your employees (Grensing-Pophal, 2002).

2.4.2 Policy Development

Management Committees need to develop organizational policies in order to implement the strategic aims and priorities of the organization.

Policies provide guidance so that each time a question arises about how to implement a broad decision; there are some parameters to inform the response. Policy guidelines articulate how an organization's overall mission and aspirations are to be pursued (Dessler, 1999).

Management committee's role in policy development:

Depending on the size of the organization and the role played by the Management Committee, committee members may not be involved in all stages of policy development. However, Management Committees should be confident that their established processes result in policies and procedures that are in line with the organization's vision, mission and values, meet their legal responsibilities; and are effectively implemented (Dessler, 1999).

This may be through delegation of responsibility for policy drafting to appropriately skilled and experienced individuals, and systems for reporting, approval and review by the Management Committee (Dessler, 1999).

We usually think of organizations in terms of people who comprise them, but staff and volunteers come and go, while the organization goes on. Policies and procedures describe its 'ways of doing things', evolve slowly and are largely adopted by newcomers. Policy frameworks are influenced by the strategic direction of the organization and also by external factors such as the law; and Internal factors such as the views of stakeholders such as the governing body, service users, management systems and the historic values of the organization (Dessler, 1999).

The Management Committee should ensure that the policies of the organization are a blend of and articulate the management system, which is focused on the most effective ways of delivering the service; the accountability system which is driven by the requirements of the committee; and the values system, which is driven by the unique mix of different, value, principles and commitment, which shape an organization (Dessler, 1999).

Policies and procedures can help to protect the organization, its staff, volunteers and beneficiaries by highlighting issues or principles and outlining the organization's exact response. Policies should be relevant and kept up-to-date. They benefit the organization by providing an ethical framework for all those involved in the organization; a boundary for day-to-day operation (inside the boundary things are acceptable, outside the boundary they are not); continuity over time and across the organization; and a mechanism for ensuring that practice is consistent and equitable (Dessler, 1999).

Procedures and systems

Procedures and systems are essential to an organization's ability to achieve their objectives. They increase consistency, reliability and fairness. It also save on time and effort, ensure an effective method is used by capturing whatever has evolved as best practice; and enable less experienced, less skilled or temporary staff or volunteers to learn quickly and contribute more (Dessler, 1999).

2.4.3 How to Develop Policies & Procedures

Policy development involves identifying need, gathering information, drafting, consulting and review.

The following steps summaries the key stages involved in developing policies:

Identify need and responsibility

Policies can be developed in anticipation of need (e.g. child protection policies should be in place once an organization starts to work with children or young people); and in response to need (e.g. a policy on a government strategy may be developed once proposals are published).The organization needs to constantly assess its activities, responsibilities and the external environment in order to identify the need for policies and procedures (Bizmove.com). Delegate responsibility to an individual, working group, sub-committee or staff members, according to the expertise required. (More on the management committee's role in policy development).

Gather information and draft the policies

Do you have any legal responsibilities in this area? Is your understanding accurate and up to date? Have other organizations tackled the same issue? Are their existing templates or examples that you could draw on? Where will you go for guidance? Ensure that the wording and length or complexity of the policy is appropriate to those who will be expected to implement it.

Consult with appropriate stakeholders

Policies are most effective if those affected are consulted are supportive and have the opportunity to consider and discuss the potential implications of the policy. Depending on whether you are developing internal or external policies, you may wish to consult, for example, supporters; staff and volunteers; management Committee members; and service users or beneficiaries (Bizmove.com).

Finalize and approve policy

Who will approve the policy? Is this a strategic issue that should be approved by the Management Committee or is the Committee confident that staff can deal this with effectively? Bear in mind that, ultimately, the Management Committee is responsible for all policies and procedures within the organization (Bizmove.com).

Procedures are more likely to be required to support internal policies. Consider whether there is a need for clear guidance regarding how the policy will be implemented and by whom. (E.g. a policy regarding receiving complaints will require a set of procedures detailing how complaints will be handled). Who will be responsible for developing these procedures? When will this be done? What will be the processes for consultation, approval and implementation? (Bizmove.com).

Implement

How will the policy be communicated and to whom? Is training required (for internal policies)? Should the organization produce a press release (for external policies)?

Policy development falls into two distinct categories:

External policy development

This involves development of policy positions in relation to external issues or developments, which are pertinent to the organization's concerns. (Bizmove.com).Engagement in the wider policy environment is often important to protect service users, beneficiaries, to demonstrate value to supporters or funders or to protect the future of the organization itself.

In order to be effective in external policy development, an organization must ensure it uses available opportunities to keep informed regarding external developments that are relevant to the organization (Grensing-Pophal, 2002).

Internal policy development

This involves development of policies, practices and procedures to govern the organization's operations. These help to ensure that the organization complies with its legal responsibilities. It also insures that it is able to demonstrate effective management and accountability; provides clear guidelines for those involved in running activities; and establishes clearly its beliefs, positions or values, helping to ensure that these are supported through its activities (Dessler, 1999).

For example financial management policies; volunteer policy; complaints policy; confidentiality policy; recruitment policies; and equal opportunities policy (Dessler, 1999).

Even when there are no staff and the Management Committee carry out the day-to-day work; there is still a need for written policies to govern the organization's operations. Every policy decision made by the Management Committee should be designed to help the organization realize its mission (core purpose) and help it to operate more effectively (Dessler, 1999).

2.4.4 Handbook

An employee handbook is the most important communication tool between you and your employees. A well-written handbook sets forth your expectations for your employees, and describes what they can expect from your company. An employee handbook should describe your legal obligations as an employer, and you employee's rights (Dessler, 1999).

While there are pros and cons to having handbooks, most companies find that when a properly written and administrated, the pros outweigh the cons. For instance, an employee handbook can increase employee morals, when employment practices are in writing; employees feel the rules are being equitably applied. There is less concern that managers might be arbitrary in their treatment of employees (Bizmove.com)

A well-written handbook can save time for managers in responding to employee questions related to policies, procedures, benefits, and so on.

Properly drafted employee handbooks can reserve important employer rights that, left implied, might not be enforceable.

Language in the handbook may also inadvertently guarantee job security and put your status as an at-will employer at risk. In almost every state there is a presumption that, unless you have an employment contract with your employee, you are an employer-at-will. This means that the company can terminate an employee-with or without cause-at any time, with or without notice. It also means that the employee can leave, with or without notice, at any time. But loose language in an employee manual can threaten your at-will status, and in some instances courts will find that the employee manual created a contract (Leopold & Harris, 2009).

These drawbacks illustrate one very important requirement for preparing an employee handbook. Make sure that before you distribute the handbook to employees you have your legal counsel do a careful review of all the material you plan to include (Leopold & Harris, 2009).

The essentials of preparing your employee handbook are to be sure to comply with all applicable laws and to include adequate disclaimers. Also, don't be a copycat. You need to make sure you include well-thought-out policies that conform to the realities of your particular situation. A handbook that is appropriate for one employer may be totally inappropriate for another. In addition, make sure that you only include policies in your handbook that you intend to follow and implement (Leopold & Harris, 2009).

Furthermore, don't be overly restrictive. Draft your handbook to allow maximum flexibility to your company and its mangers. You want to leave discretion to your management staff and your company to handle violations of policies that are included in the manual, as they feel appropriate given the circumstances (Leopold & Harris, 2009).

Also, require signed employee acknowledgments. When you distribute your handbook-or any handbook updates-to employees you should make sure to have all employees complete an acknowledgment form. This firm should indicate that employees either will read or have read the handbook that they have had an opportunity to ask questions, that they understand the handbook, that they have had an opportunity to ask questions, that they understand the handbook, and that they agree to abide by the handbook and the policies it contains (Leopold & Harris, 2009).

Finally, each employee's signed acknowledgment form should be maintained in the employee's personnel file. You want to make sure that you have evidence, if it ever comes to litigation, that the handbook was distributed and that the employee read and understood the information contained in the handbook. These acknowledgments should be completed and filed each time a change is made to the handbook. (Lin Grensing-Pophal, 2002)

2.4.5 Communication

Communication between managers and employees is an important issue in any organization. Employees want guidelines from their supervisors, and the management wants input from the entire team. Most companies have little trouble communicating downward, but getting information to flow upward is more of a challenge. When employees stay quiet about what they need, the negative results can include missed opportunities, delayed projects, and failed initiatives (CPA Journal, 2009).

The reasons for such a communication gap include employees that think, "I don't want to appear incompetent," and "Who am I to offer ideas to management?" Additionally, because they know that the management team is busy with long-term planning and strategic initiatives, many employees don't want to interrupt with details of day-to-day activities. Without that knowledge, however, managers have a difficult time gauging whether they're leading the company effectively (CPA Journal, 2009).

The key to getting employees to communicate better and to keeping the company's progress on track is to build a quality interaction between the employee group and the management team. Breaking through the barriers and getting employees and managers working together helps everyone advance a strategic vision and attain goals. This process includes four elements (CPA Journal, 2009).

Communicate needs. Communication is a two-way process. Employees have as much responsibility as the management team for speaking up, setting expectations and requirements, and communicating barriers and opportunities. Encouraging employees to communicate with the senior team helps each group understand the other's duties and what can be done given the budget and expectations (CPA Journal, 2009).

Ask employees to proactively tell the management team what they are struggling with and how managers can help. Reinforce the company's vision and state how current objectives contribute to it, and then explain that the employees' input is needed to make attaining the vision a reality (CPA Journal, 2009).

Share skills and knowledge. While most people are knowledgeable about and skilled in their own job duties, many managers are unaware of their employees' daily activities. Ask employees to explain what goes into each project by listing the activities, costs, and time spent on each. This dialogue can include reviewing survey results, client satisfaction ratings, safety metrics, or other factual data. Questions can spur employees to offer suggestions. Discussing "what if" scenarios based on suggestions offered enables employees to see their impact on the bottom line and will prompt employees to participate in the process (CPA Journal, 2009).

Create a motivation cycle. Management input plays a large part in motivating employees to communicate about and work toward goals. To make communicating with management easier, arrange a group conference call so employees can share their ideas about a particular project or strategic plan. Set aside a half day to conduct roundtable discussions with employees that addresses their concerns. Offer short one-on-one sessions between managers and employees to discuss employee issues (CPA Journal, 2009).

Establish empowerment expectations. An effective work team must document its common understanding. Like Ken Blanchard's One Minute Manager, write a one-minute goal and its requirements in 400 words or less. Discuss the goals and parameters with everyone involved before assigning tasks so that the entire team recognizes and makes any tradeoffs needed to ensure success (CPA Journal, 2009).

In any company, there are a variety of communication opportunities available-staff meetings, newsletters, annual reports, bulletin boards, just to name a few. Following are some communication ideas that can help you make your employee handbook living documents (CPA Journal, 2009):

Employee orientation. New employees should be quickly introduced to the employee handbook, policies, and procedures. They should be provided with a copy, asked to complete and sign an acknowledgment that they have read and understood.

Update meetings. When the handbook is changed or modified, consider calling employees together for briefs meetings to discuss the changes.

Bulletin boards. Make use of your bulletin boards to post specific items in the handbook.

Intranet. The company intranet can be a great place for employees and managers to get information from the handbook.

General accessibility. Make sure all employees have a copy of the handbook. (CPA Journal, 2009)

2.4.6 Record-Keeping

There are three reasons why proper record keeping is a requirement for employers. The first is simply that it makes good business sense to have accurate information handy and organized when you want to use it. The second reason is that most business owners and managers will eventually encounter the need to produce documentation about employee performance and work history. Having the proper records to retrieve is vital when the need presents itself. And, the third reason: Some employee records are required by governments and must be kept somewhere. Organizing them by employee name makes access easy (Grensing-Pophal, 2002).

There are some important cautions to be given about the subject of identifiable employee information. Generally, government laws permit employees the right to examine their personal employment records. This simply allows individuals the opportunity to confirm information in the file and identify any specific information that is believed to be incorrect. Employees are not universally guaranteed the right to copies of all file contents, however. As the employer, you usually have the right to control the time and location of these examinations as long as you are reasonable in doing so. The objective, of course, is to ensure accuracy of information about each person. Ownership of the personnel file and its contents rests with the employer who maintains it (Grensing-Pophal, 2002).

Access to information about employees should be strictly limited to those people in your business with a need to use the information in their jobs. Make sure that you store personnel files in a secure location and that they are not left unattended even during the business day. When asked by people outside the company to provide "verification" of certain employment information about your employees, make it a practice to confirm only the information your employees have authorized you to release. Employment verifications are usually required to support such things as mortgage applications, credit applications and the like. Employee authorization should be in writing and specify the information they wish you to reveal. Tell your employee the policy is designed for his/her protection (Grensing-Pophal, 2002).

Job applicants may not have decisions about their applications made based on protected categories such as race, color, sex, religion, national origin, etc. Therefore having any information on the application that identifies these categories is inappropriate and may be considered illegal. It is permissible, and for some employers required, to request demographic data from job applicants. This information is directed to a location separate from the hiring manager, however, to avoid even the suspicion of discrimination (Grensing-Pophal, 2002).

For employees (someone you have put on your payroll), it is necessary to have information in the personnel file that would be considered illegal to gather prior to the job offer being made. For example, you need a birthdates to enroll your employee in health insurance and life insurance programs. As long as such information is used for legitimate purposes, employers will have no problem (Grensing-Pophal, 2002).

Part of being a professional business manager is keeping quality professional records. Take a look at your organization's practices and find out if you have what you need. If not, plan to get it. It will save you trouble in the long run.

RECOMMENDED CONTENTS OF PERSONNEL FILES

- The following documents are necessary to have it for every employee file: (CPA Journal, 2009)

Employment

- Request for application
- Employee's original employment application
- Prescreening application notes
- College recruiting interview report form
- Employment interview report form
- Education verification
- Employment verification
- Other background verification
- Rejection letter
- Employment offer letter
- Employment agency agreement if hired through an agency

- Employee Handbook acknowledgment form showing receipt of Handbook
- Checklist from new employee orientation showing subjects covered
- Veterans/Disabled self-identification form
- Transfer requests
- Relocation offer records
- Relocation report
- Security clearance status

Payroll

- Weekly time sheets
- Individual attendance record
- Pay advance request record
- Garnishment orders and records
- Authorization for release of private information
- Authorization for all other payroll actions

Performance Appraisals

- New employee progress reports
- Performance appraisal forms
- Performance improvement program records

Training and Development

- Training history records
- Training program applications/requests
- Skills inventory questionnaire
- Training evaluation forms
- In-house training notification letters
- Training expense reimbursement records

Employee Separations

- Exit interview form
- Final employee performance appraisal

- Exit interviewer's comment form
- Record of documents given with final paycheck

Benefits

- Emergency Contact Form
- Medical/Dental/Vision coverage waiver/drop form
- Vacation accrual/taken form
- Request for non-medical leave of absence
- Retirement application
- Payroll deduction authorizations
- Hazardous substance notification and or reports
- Tuition reimbursement application and or payment records
- Employer concession and or discount authorization
- Annual benefits statement acknowledgment
- Safety training/meeting attendance/summary forms

Wage/Salary Administration

- Job description form
- Job analysis questionnaire
- Payroll authorization form
- Compensation history record
- Compensation recommendations
- Notification of wage and or salary increase/decrease

Employee Relations

- Report of coaching/counseling session
- Employee Assistance Program consent form
- Commendations
- Employee written warning notice
- Completed employee suggestion forms
- Suggestion status reports (CPA Journal, 2009)

WHAT SHOULD NOT BE IN A PERSONNEL FILE

Medical Records

- Physician records of examination
- Diagnostic records
- Laboratory test records
- Drug screening records
- Any other medical records with personally identifiable information about individual employees

Investigation Records

- Discrimination complaint investigation information
- Legal case data
- Accusations of policy/legal violations

Security Clearance Investigation Records

- Background investigation information
- Personal credit history
- Personal criminal conviction history
- Arrest records

Insupportable Opinions

- Marginal notes on any document indicating management bias or discrimination (e.g.: "This guy's too fat. He'd never make it," or "She's too old for this job.")(CPA Journal, 2009).

2.5 Benefits, Motivation and Appraisal

2.5.1 Benefits

Compensation administration is one of management's most difficult and challenging human resource areas because it contains many elements and has a far-reaching impact on an organization's strategic goals. Compensation is the total of all rewards provided to employees in return for their services. The overall purposes of providing compensation are to attract, retain, and motivate employees. The components of a total compensation program are shown in the table below (Mondy-Noe, 1997):

External/Internal Environment

Financial		**Nonfinancial**	
Direct	**Indirect (Benefits)**	**The Job**	**Job Environment**
Wages	**Legally required Benefits**	Skill Variety	Sound Policies
Salaries	Social Security	Task Identity	Competent Employees
Commissions	Unemployment Compensation	Task Significance	Congenial Co-workers
Bonuses	Workers' Compensation	Autonomy	Appropriate Status Symbols
	Family & Medical Leave	Feedback	Working Conditions
	Voluntary Benefits		**Workplace Flexibility**
	Payment for Time not worked		Flextime
	Health care		Compressed worksheet
	Life Insurance		Job Sharing
	Retirement Plans		Flexible Compensation
	Employee Stock Option Plans		Telecommunicating
	Supplemental Unemployment Benefit		Part-Time Work
	Employee Services		modified Retirement
	Premium Pay		
	Unique Benefits		

Table 2 - External/Internal Environment (Mondy-Noe, 1997).

Direct Financial Compensation consists of the pay that a person receives in the form of wages, salaries, commissions and bonuses. Indirect Financial Compensation (Benefits) consists of all financial rewards that are not included in direct compensation. As it is shown in the table above, this form of compensation includes a wide variety of rewards normally received indirectly by the employee (Mondy-Noe, 1997).

Nonfinancial Compensation consists of the satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works. This aspect of nonfinancial compensation involves both psychological and physical factors within the firm's working environment (Mondy-Noe, 1997).

It is not possible to provide a perfect pay package. However, to ensure that their reward system is effective and meeting employee needs, a member of firms allow their people to customize their own compensation package as much as is technically, legally, financially, and organizationally, desirable (Mondy-Noe, 1997).

As it is indicated in the table above, the rewards employees receive in a total compensation program stem from numerous factors. To remain competitive, organizations are increasingly rewarding employee performance that influences their key goals. People have different reasons for working, and the most appropriate compensation package depends in large measure on those reasons. When individuals are hard pressed to provide food, shelter and clothing for their families, money may well be the most important reward. However, some people work long hours each day, receive relatively little pay, and yet love their work because it is interesting or provides an environment that satisfies other needs. To a large degree, adequate compensation is in the mind of the receiver. It is often more than the financial compensation received in the form of a paycheck. (Mondy-Noe, 1997).

2.5.2 Motivation

You can make their day or break their day. It is your choice. Other than the decisions individuals make on their own about liking their work, you are the most powerful factor in employee motivation and morale.

As a manager or supervisor, your impact on employee motivation is immeasurable. By your words, your body language, and the expression on your face, as a manager, supervisor, or leader, you telegraph your opinion of their value to the people you employ.

Feeling valued by their supervisor in the workplace is a key to high employee motivation and morale. Feeling valued ranks right up there for most people with liking the work, competitive pay, opportunities for training and advancement, and feeling "in" on the latest news (Javitch, 2005).

Building high employee motivation and morale is both challenging and yet supremely simple. Building high employee motivation and morale requires that you pay attention every day to profoundly meaningful aspects of your impact on life at work (Javitch, 2005).

David G. Javitch, a columnist in the Entrepreneur magazine, in his article "How to Prevent--and Rescue--Burnt-Out Employees," he gave the signs of burnout and how to prevent it in your employees. But what steps can you take even earlier to keep your employees on the right track? Way before an employee shows any sign of burnout, you may notice a dip in their workplace morale. (Javitch, 2005)

Morale is defined as the end result of many factors present in the workplace environment. Some of these factors are the work setting itself, worker satisfaction and action, salary, supervisory input, working conditions, status, and more (Javitch, 2005).

Some of the signs of decreased morale are: tardiness, absenteeism, apathy, moping, backstabbing, decreased quality, decreased productivity, increased errors, accidents or injuries. It's important to note that contrary to popular belief, morale is not a cause, but rather the effect or result of many factors going awry (Javitch, 2005).

Getting to the Root of the Problem

The key to unraveling the mystery of a morale slump is to determine the cause or source of the decreased morale. Some of the usual suspects are negative event, such as a firing, promotion of an employee when others are overlooked, or arguments between staff and/or management (Javitch, 2005).

Other reasons may be such as lack of the company's financial health; too much or too heavy of a workload; unappreciated or underappreciated work; working conditions; supervision that's too rigid, demanding, direct or involved in the work process; or supervision that's not supportive or strong enough, and doesn't provide needed guidance or input (Javitch, 2005).

Steps to Improving Morale

Entrepreneurs may have some ideas why morale is poor, and may call in external consultants to help solve the problem. However, the easiest and fastest way to determine at least some of the sources of the issue is to simply ask the employee. Ask what the cause of poor morale is and what the employee believes can be done to turn it around. Obtaining information directly from the person who's experiencing the poor morale can often be an important key to solving this mystery. Additionally, these people will receive a sense of pride and worth that their boss asked them for their input. (Mondy, Noe, 9th edition).

Other ways to reach your de-motivated employees are:

Show concern. If the employee believes the boss doesn't care about the task at hand or doesn't care about the employee, then the employee probably won't care about the task, the employer or the company. And voila! You have decreased morale.

So how can the boss demonstrate concern? Start by using the person's name. Large or small, every business should have names on desks, workstations or cubicles to show that a real person with worth works there, not just a machine. Next, ask their opinion whenever an opportunity arises rather than always telling them what to do or the way to do it. This allows employees to add their own creative thoughts to the work process, which then can lead to more of a feeling of ownership (Javitch, 2005).

Finally, ask how they are. Without wanting to know deeply personal data, the boss can easily show an interest in the individual worker. (Javitch, 2005)

Provide appropriate feedback. The employee needs to know two crucial variables in this morale equation: what's expected of them and how well they're doing. Without this crucial information, the employee will be inevitably overworked or underworked, think of their work as above average or below average, and may stray from achieving the supervisor's goal. In any case, the consequences may be dire and not what the supervisor would want (Javitch, 2005).

Create goals--especially mutually acceptable goals. As they say, if you don't know where you're going, you'll probably end up someplace else! An employee without a clear understanding of the goals or without a sense of how their work fits into the overall goal of the unit, department or section, can easily waste time on tasks that aren't consistent with the boss's objectives. The result is squandered time and resources, plus a reprimanded employee who doesn't understand why the boss disapproves of their efforts (Javitch, 2005).

Once the supervisor can sit with the employee and explain in clear, action-oriented terms what the task at hand is about, the employee will feel better and perform more effectively. If given a chance to moderate, modify or discuss the goals and reach a mutually acceptable conclusion, the employee's performance will usually skyrocket. Morale will definitely improve as a result. (Javitch, 2005)

Offer recognition of the employee's efforts. It takes but a few seconds to say, "Nice job," "Well done," "Marked improvement," "You're on the right road," or any number of other phrases that communicate to the employee that you care about the job and about them, and that you recognize an improvement in productivity. Also, employees can be given performance awards or have their name mentioned at staff meetings, posted on a bulletin boards or in employee interoffice e-mail to say that someone did a noteworthy job. All of these simple modes of pointing out individual, team or group behavior serve as very strong methods of improving productivity, self-worth and morale (Javitch, 2005).

Another strategy for identifying the cause of poor morale and turning it around is to determine if the work load is sufficient or too pressured, challenging or boring, professionally satisfying or not. As long as the current job isn't overly taxing, provide more challenging tasks--either in breadth or depth to spark an interest in employees. When completed, the employee will discover a sense of accomplishment, feel increased self-worth, and be more productive. And as a result, productivity and morale will increase (Javitch, 2005).

The next step, and one that often follows more challenging tasks, is to promote people for their achievements. When employees see that their boss recognizes and rewards accomplishments, they'll be more satisfied, and their self-esteem and prestige will increase along with the amount in their paycheck. This method of attacking poor morale can be extremely productive for all parties involved (Javitch, 2005),

2.5.3 Appraisal

Business owners have been evaluating the performance of their employees for as long as businesses have existed. But not all entrepreneurs take the time to review their employees, and even when they do, the reviews are often done in a haphazard way or on an irregular basis or are instigated only after a negative action on the part of the employee. These type of encounters are rarely productive because they usually only afford the boss an opportunity to "get something off their chest" (Javitch, 2005).

A performance appraisal can be a powerful tool for any manager who wants to get the most out of every encounter with their employees. So why is this process important and how can you best use these sessions to your advantage? (Javitch, 2005)

First, a regularly scheduled feedback session--whether done quarterly or annually--gives your employees a planned and anticipated opportunity to address key issues with you. It also provides a time for you to interact with your employees' one on one to evaluate their strengths, limitations and growth potential. Third, this conversation serves as the time to discuss potential financial rewards and promotions, which can be a source of increased job interest on the part of your employees. If promotion isn't an option at this time, you can outline the knowledge, skills and abilities necessary for advancement and future potential with your company. This "career pathing" information can help both you and your employees gauge just what's needed to move on to the next step--responsibilities, job level--within your company (Javitch, 2005).

So how do you start the performance appraisal process? The basic tool and source of information for the interaction is an employee's job description. Unfortunately, in many jobs, this document either doesn't exist or only vaguely describes an employee's current job. Therefore, before proceeding with the performance appraisal interview, you need to sit down and develop a job description that accurately reflects an employee's responsibilities. The basic parts of this document are: the job title and responsibilities, reporting relationships, financial responsibilities (if any), usual and customary job requirements and activities, and performance standards. (Javitch, 2005)

Armed with this data, you have a foundation, format and criteria for creating the performance appraisal tool. At least one week prior to the interview, you need to provide the employee being reviewed with their written job description and a blank copy of the performance appraisal questionnaire. If the latter doesn't exist, then the job description can serve as the skeletal outline for the interview (Javitch, 2005).

During the review, which will be a two-way exchange of information between you and your employee, the following tips need to be followed to help ensure an effective meeting:

The purpose of the interview is to have an open dialog between you and your employee. To achieve that goal, you should begin by trying to put the employee at ease. Chances are, both you and your employee may be anxious, so starting off with small talk or generalizations may lighten the mood (Javitch, 2005).

Allow the employee to share their feedback before you volunteer your perspective. That way, the employee won't feel defensive about stating his or her position. Remember: Start off on a positive note (Javitch, 2005).

The goal isn't to "beat up" on the employee, even when the latter has made errors. No matter what comments you make, they need to be couched in as positive a tone as possible. Sticking to action-oriented, behavioral terms as opposed to evaluative, judgmental, emotional terms is preferable. For instance, stating that "What you did was acceptable or unacceptable" or "Your behavior was helpful or not helpful" is far superior to stating, "You really messed up or "You failed to meet the deadline" (Javitch, 2005).

Similarly, using specifics as opposed to generalizations is also beneficial. In other words, avoid using general terms such as "You're doing a good job" or "I know you can do better," or "Make a lot of widgets." These terms are so general that they can't be quantified, measured or evaluated. Instead, try these more specific and measurable expressions: "You do an effective job when you don't take 30-minute breaks" or "I know you can succeed by making both the right and the left sides equal" or "Make between 35 to 55 widgets every hour" (Javitch, 2005).

Avoid comparing the interviewee with either yourself or other employees. In other words, avoid making these statements: "When I was in your position, I didn't have those problems" or "Maria doesn't make the mistakes you're making" (Javitch, 2005).

Balance the negatives with the positives, especially by starting with a positive statement. When the employee has done something wrong, he or she will more likely hear and understand your statement if you start on a positive note. By balancing the negative with the positive, the employee will see that although he or she has erred, the entire situation isn't negative--that is, unless the entire situation is negative! Then follow up with a statement that looks toward a resolution of the problem: "Here's how I suggest you improve" or "How do you think you can improve?" or "How can we work this out?"(Javitch, 2005).

Finally, make certain that an appropriate amount of time is spent on this last phase of reaching or planning for resolution. If not, the employee will most likely commit the same or similar errors. Plus, if you've discussed resolution or are helping the employee reach a resolution, the employee will most likely view you as someone with knowledge and skills, someone who is open to helping them resolve issues, and--hopefully--someone whom he or she can come to talk with and trust (Javitch, 2005).

2.6 Conclusion

The HR profession has changed dramatically over the past several years from the days when HR departments were referred to as “personnel departments”. In those days, personnel practitioners were relegated primarily to “pushing paper” and handling the administrative burdens but were seldom involved in the truly strategic elements of what we call “human resource management” today (Dessler, 2009).

However, change is occurring, More than ever before, organizations are being forced to consider the very value of their human resources. And more than ever before, organizations are turning to their HR staff members of HR professionals are being asked to take seat at the table along with other strategic planners in their organizations (Dessler, 2009).

In my study, and taking 'ORKILA group as my case study, I will concentrate on the appraisal that is the main driver for motivation for every employee.

Performance appraisals provide employees and managers with opportunities to discuss areas in which employees excel and those in which employees need improvement. Performance appraisals should be conducted on a regular basis, and they need not be directly attached to promotion opportunities. Performance appraisals provide feedback on the employee's performance. On the basis of the obtained feedback, the organization can decide whether to promote, demote, transfer, and terminate the employee. Pay hikes and these can also fix disciplinary actions. Resources for rewards are allocated by performance appraisals. These facilitate communication flow, organizational diagnosis and development. The superiors and subordinates both take each other as partners and work toward attainment of organizational goals and objectives (Dessler, 2009).

Chapter 3: PROCEDURES & METHODOLOGY

3.1 Introduction

This research was conducted in order to check the efficiency and effectiveness of the appraisal system in 'ORKILA group. The advantages and disadvantages as well as the reliability of this instrument were also part of the objectives. In order to answer these research goals, the researcher opted to obtain the view of human resource employees in line with this topic. Specifically, a total of 14 respondents from 3 companies within Lebanon and Jordan were selected to make up the sample. Data gathered from this research instrument were then computed for interpretation. Along with primary data, the researcher also made use of secondary resources in the form of published articles and literatures to support the survey results.

3.2 Hypotheses

This study is set to answer three research questions in Chapter one. According to the findings in Chapter 4, the hypotheses went true. The survey on the 14 respondents shows that the appraisal system is not totally efficient and the modifications are essential in order to improve the appraisal system. The appraisal system can work as a method of retaining human power and work as a strategy to build culture and to achieve the company's goal.

3.3 Research Design

The descriptive method of research was used for this study. To define the descriptive type of research, Creswell (1994) stated that the descriptive method of research is to gather information about the present existing condition. The emphasis is on describing rather than on judging or interpreting. The aim of descriptive research is to verify formulated hypotheses that refer to the present situation in order to elucidate it. The descriptive approach is quick and practical in terms of the financial aspect. Moreover, this method allows a flexible approach, thus, when important new issues and questions arise during the duration of the study, further investigation may be conducted.

Descriptive research on the other hand is a type of research that is mainly concerned with describing the nature or condition and the degree in detail of the present situation. This method is used to describe the nature of a situation, as it exists at the time of the study and to explore the cause/s of particular a phenomenon. The aim of descriptive research is to obtain an accurate profile of the people, events or situations. With this research type, it is essential that the researcher already has a clear view or picture of the phenomena being investigated before the data collection procedure is carried out. The researcher used this kind of research to obtain first hand data from the respondents so as to formulate rational and sound conclusions and recommendations for the study. The descriptive approach is quick and practical in terms of the financial aspect.

In this study, the descriptive research method was employed so as to identify the role and significance of testing the effectiveness of the appraisal system in selecting employees during the time of research. The researcher opted to use this research method considering the objective to obtain first hand data from the respondents. The descriptive method is advantageous for the researcher due to its flexibility; this method can use either qualitative or quantitative data or both, giving the researcher greater options in selecting the instrument for data gathering. The descriptive method is then appropriate for this research since this method is used for gathering prevailing conditions.

The research is using human resource management employees as respondents from three companies in Lebanon and Jordan in order to gather relevant data; the descriptive method is then appropriate as this can allow the identification of the similarities and differences of the respondents' answers. For this research, two types of data were gathered. These included the primary and secondary data types. The primary data were derived from the answers the participants gave during the survey process. The secondary data on the other hand, were obtained from published documents and literatures that were relevant to effectiveness and efficiency of the system. With the use of the survey questionnaire and published literatures, this study took on the combined quantitative and qualitative approach of research. By means of employing this combined approach, the researcher was able to obtain the advantages of both quantitative and qualitative approaches and overcome their limitations.

Quantitative data collection methods are centered on the quantification of relationships between variables. Quantitative data-gathering instruments establish relationship between measured variables. When these methods are used, the researcher is usually detached from the study and the final output is context free. Measurement, numerical data and statistics are the main substance of quantitative instruments. With these instruments, an explicit description of data collection and analysis of procedures are necessary. An approach that is primarily deductive reasoning, it prefers the least complicated explanation and gives a statement of statistical probability. The quantitative approach is more on the detailed description of a phenomenon. It basically gives a generalization of the gathered data with tentative synthesized interpretations.

Quantitative approach is useful as it helps the researcher to prevent bias in gathering and presenting research data. This phenomenon in turn should be discussed or explained by means of data analysis gathered through objective forms of measurement. The quantitative data gathering methods are useful especially when a study needs to measure the cause and effect relationships evident between pre-selected and discrete variables. The purpose of the quantitative approach is to avoid subjectivity by means of collecting and exploring information that describes the experience being studied.

Quantitative methods establish very specific research problem and terms. The controlled observations, mass surveys, laboratory experiments and other means of research manipulation in qualitative method makes gathered data more reliable. In other words, subjectivity of judgment, which is not needed in a thesis discussion, can be avoided through quantitative methods. Thus, conclusions, discussion and experimentation involved in the process are more objective. Variables, both dependent and independent, that are needed in the study are clearly and precisely specified in a quantitative study. In addition, quantitative method enables longitudinal measures of subsequent performance of the respondents. Fryer (as quoted by Cassell & Symon, 1995) stated that qualitative researchers aim to decode, describe, analyze and interpret accurately the meaning of a certain phenomena happening in their customary social contexts. The focus of the researchers utilizing the framework of the interpretative paradigm is on the investigation of authenticity, complexity, and contextualization, mutual subjectivity of the researcher and the respondent as well as the reduction of illusion.

3.4 Participants

In order to conduct the survey or questionnaire and in order to prove the importance of appraisal procedures, a total of 14 employees were asked to participate. To achieve pertinent information, certain inclusion criteria were imposed. The participants qualified for sample selection are staff or employees of their respective companies' human resource department. The respondents were selected from three companies in Lebanon and Jordan, thus, a total of four employees from Jordan and ten employees from Lebanon were selected; as the study also aimed to determine whether the survey or questionnaire play an important role in conducting the appraisal procedures.

Simple sampling was done for the sample selection. This sampling method is conducted where from each department an employee was chosen: logistics, marketing or sales and finance departments. And the years of experience vary between 3 to 10 years.

3.5 Ethical Considerations

As this study required the participation of human respondents, specifically human resource professionals, certain ethical issues were addressed. The consideration of these ethical issues was necessary for the purpose of ensuring the privacy as well as the safety of the participants. Among the significant ethical issues that were considered in the research process include consent and confidentiality. In order to secure the consent of the selected participants, the researcher relayed all-important details of the study, including its aim and purpose. By explaining these important details, the respondents were able to understand the importance of their role in the completion of the research. The respondents were also advised that they could withdraw from the study even during the process. With this, the participants were not forced to participate in the research. The confidentiality of the participants was also ensured by not disclosing their names or personal information in the research. Only relevant details that helped in answering the research questions were included.

Chapter 4: FINDINGS

For this study, the author gathered the questions (Appendix A) and distributed the survey to two commercial assistants, six business managers from each company, two from the IT department and one financial manager and one chief of accounting from two companies.

4.1 Questionnaire Data Analysis: Evaluation and Interpretation

1. Are you satisfied with the performance management system & the outcome?

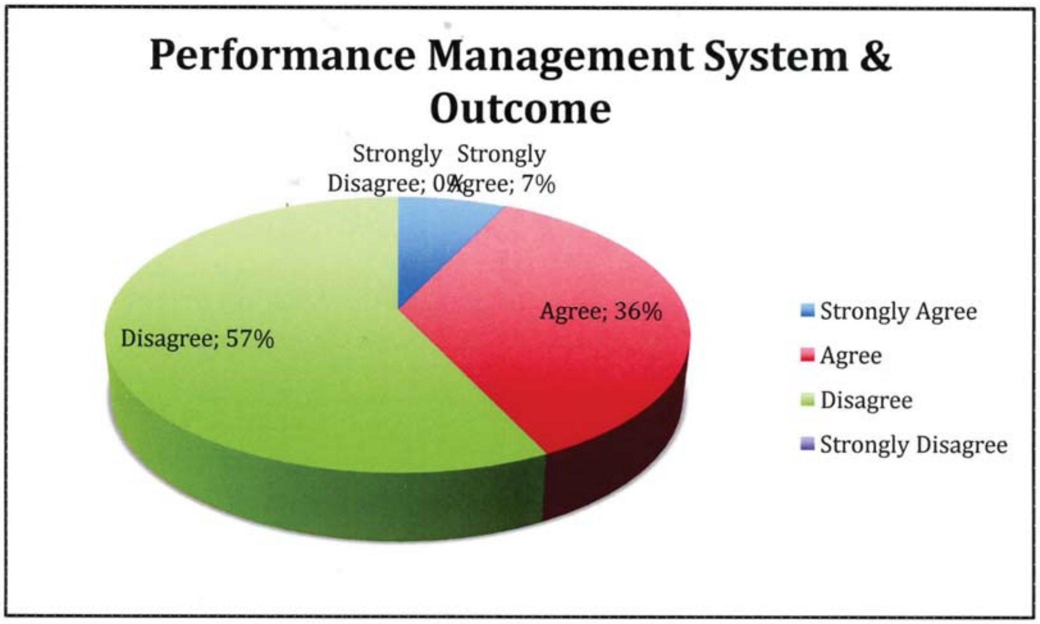

Figure 4 - Performance Management System & Outcome (Author)

This question No 1 is very important. It is aimed to see how the employees perceive the management performance and its outcome. Is the management performance up quite to the professional standard according to the employees' point of view? Do they have knowledge about the reason behind the performance? The results, as shown in figure 4, were: 57% disagree with the performance while 36% agree with it. This shows the lack of communication between the management and their employees.

2. Are you satisfied with our company's employee policies?

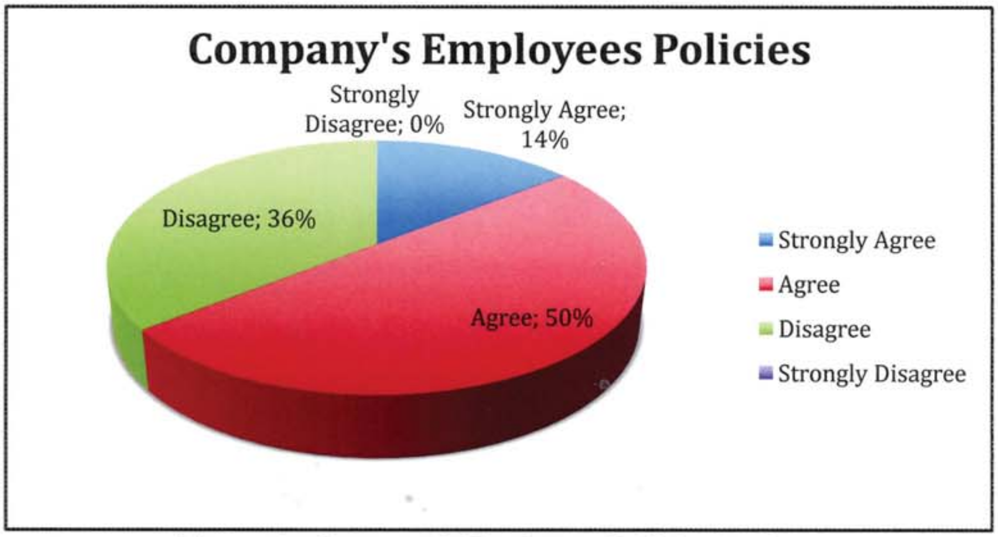

Figure 5 - Company's Employees Policies (Author

The second question is aimed to understand if the company's employee policies are clear and simple (like sick leave, insurance, social security, vacation). Does the employee understand what his right is and what is his due? 14% strongly agreed and 50% of the employees agreed with policies while 36% disagreed (figure 5) and found it not clear. Mainly the 14% are the employees that work in 'ORKILA Jordan. The rules and regulations of the labor law are strictly followed and they support the employee more than the company.

3. Are satisfied with the fairness of the way the company treats all employees?

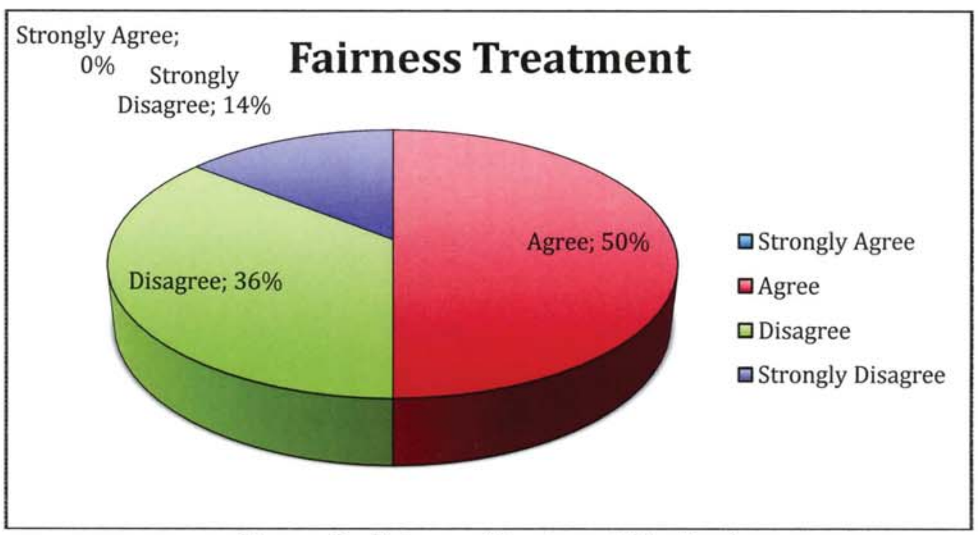

Figure 6 - Fairness Treatment (Author)

The question 3 is a critical one because it shows if the performance appraisal system of the company is feasible and fair to all employees. The results (figure 6) were surprising as 50% agreed upon the fairness and the other 50% are divided between disagree and strongly disagree.

4. Are you satisfied with overall communication at our company?

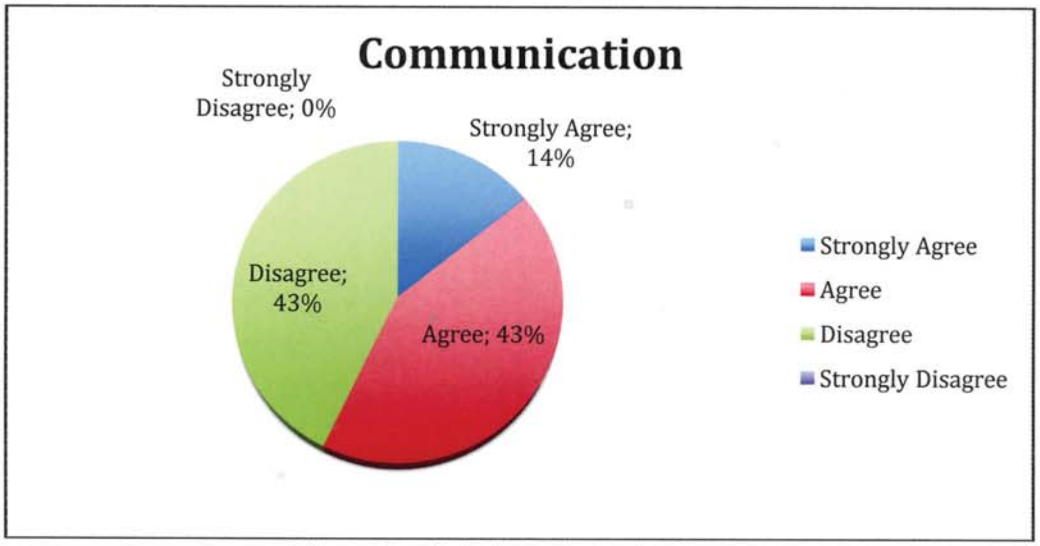

Figure 7 - Communication (Author)

It aimed to perceive the communication skills of the management with its employees. It emphasizes the management skills to communicate the goal of the company and to motivate the employees toward professionalism at work. 43% of the respondents disagree with the communication while 43% and 14% agree with it as shown in figure 7.

5. Are you satisfied with your job?

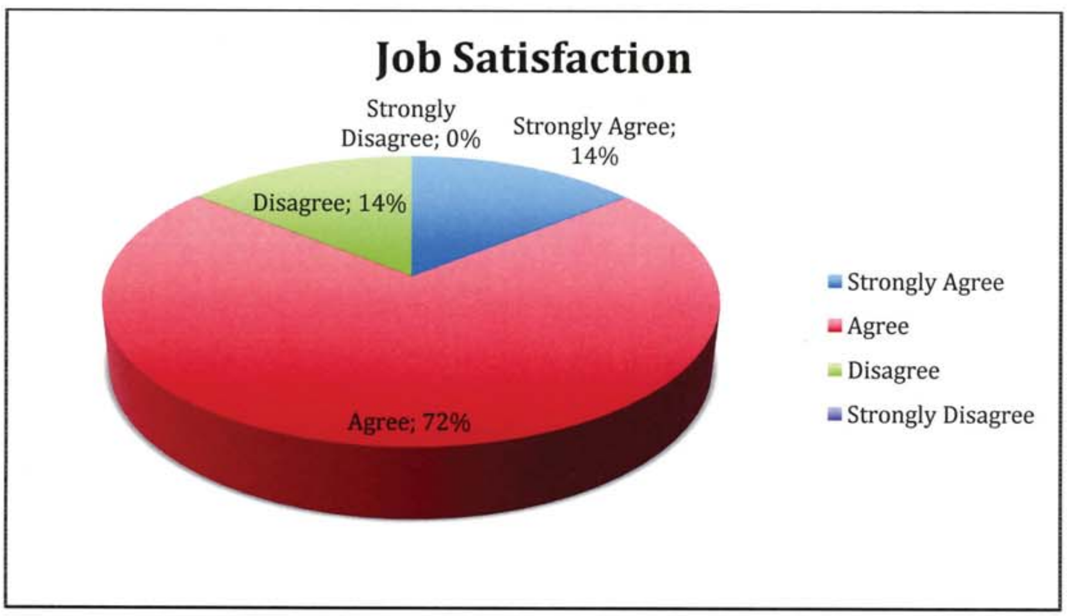

Figure 8 - Job Satisfaction (Author)

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job; an affective reaction to one's job; and an attitude towards one's job. This is why question 5 was important to be asked. Weiss (2002) has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation, which are, affect (emotion), beliefs and behaviors. This definition suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviors. The results in figure 8 were: 72% are satisfied with their work while the 28% do not agree with it.

6. Are you satisfied with your salary in the company?

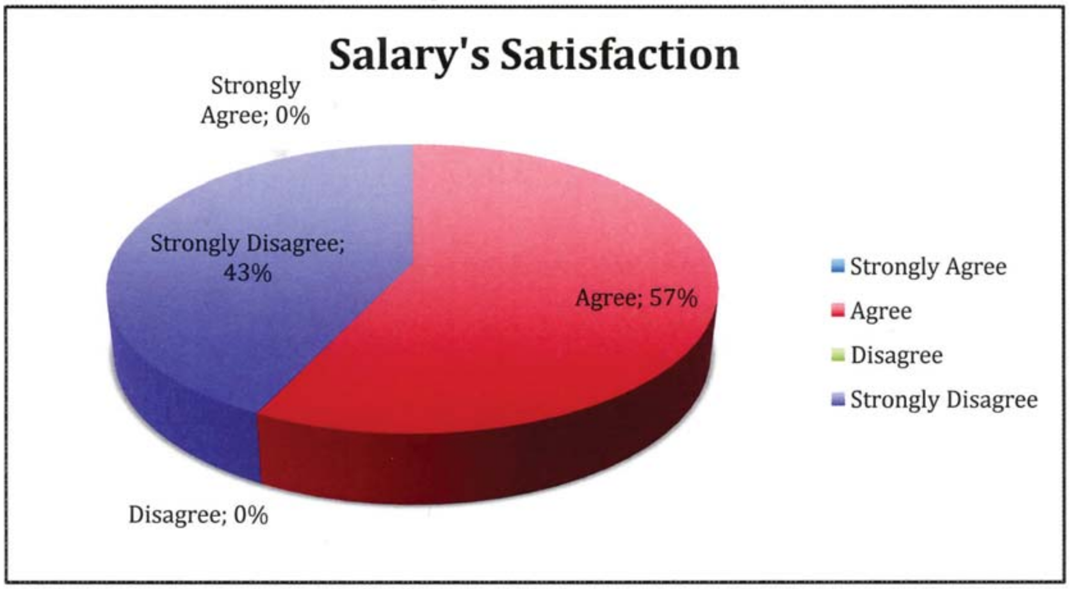

Figure 9 - Salary's Satisfaction (Author)

Salary is the most important factor in the motivation process. It enhances the performance of the employees. The results (figure 9) are divided between 57% who agree and 43% of the respondents who strongly disagree.

7. Are you satisfied with the opportunities to advance in your company?

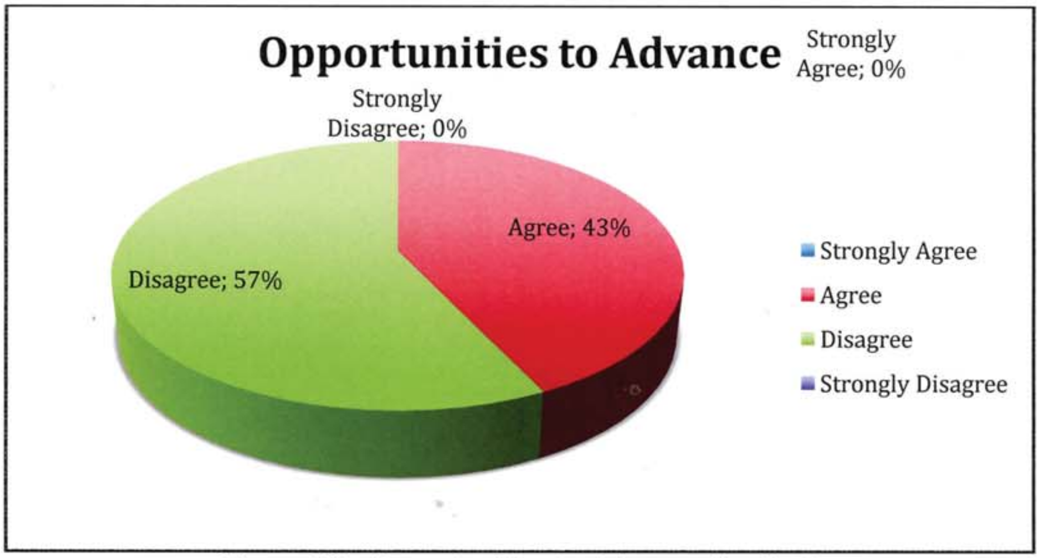

Figure 10 - Opportunities to Advance (Author)

Opportunities to advance in any company, is what push the employees to work and to excel in his/her work. No promotion at work means that there is no motivation. This will create laziness at work. The results are: 43% who agree with the opportunity to advance and 57% disagree (figure 10).

8. Are you satisfied with the training & development provided by your company?

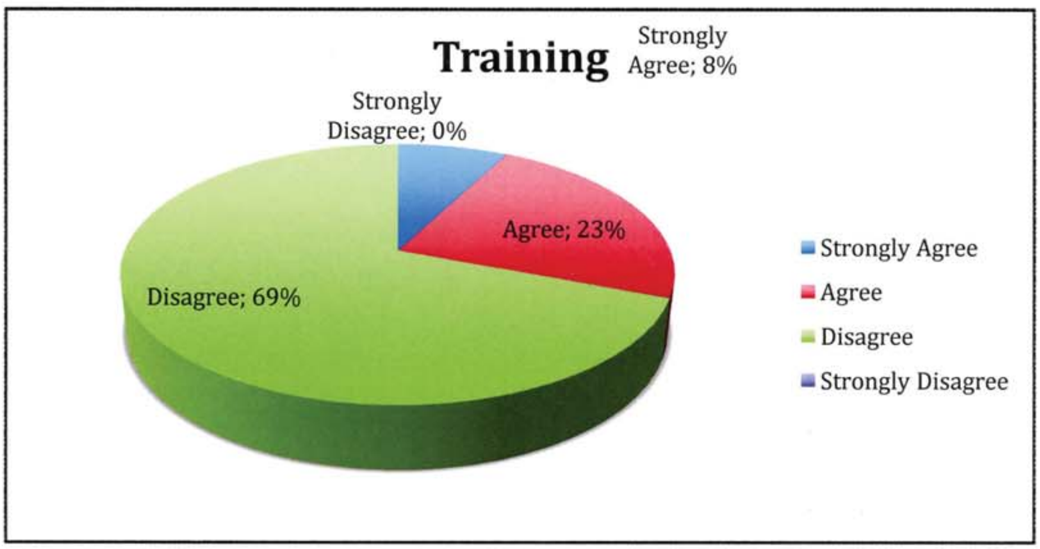

Figure 11 - Training (Author)

Question 8 aimed to understand the importance of training and development in a company. The training will help the employee to grasp opportunities and to advance in his work. The training is to make understood the goals and perspective of the company.

Training makes an employee more useful to a firm and more efficient and effective. It also enables employees to secure promotions. Finally, employees can avoid mistakes and accidents on the job.

As shown in figure 11, 69% of respondents found that there is lacking in training and disagree with the training system or needs more training as the company deals with chemical raw materials. As 23% agree and 8% strongly agree.

9. Do you find appraisal counseling beneficial for future developments?

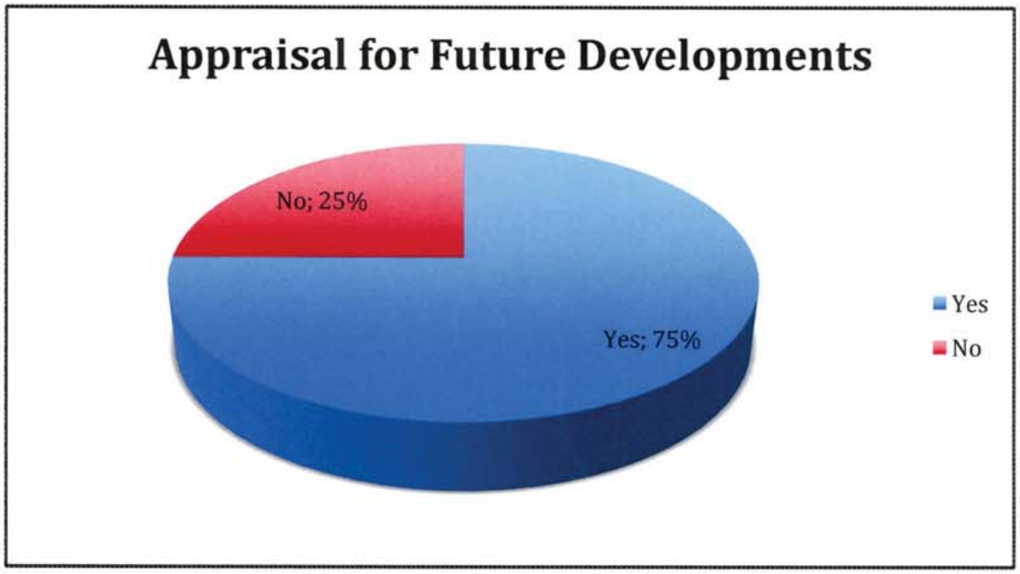

Figure 12 - Appraisal for Future Developments (Author)

Question 9 is to know the point of view of the respondents, whether are they really satisfied with the competency framework developed by the organization as well as the framework on which they are being evaluated. For any system to be implemented and carried out effectively it requires the acceptance and willingness to adapt to the system with interest, commitment and a level of satisfaction that the individual is benefited from the same.

Again the majority (figure 12) is in the favor of the statement. Most of the respondents find appraisal counseling beneficial for the future developments.

10. Should the individual feedback be provided after the appraisal?

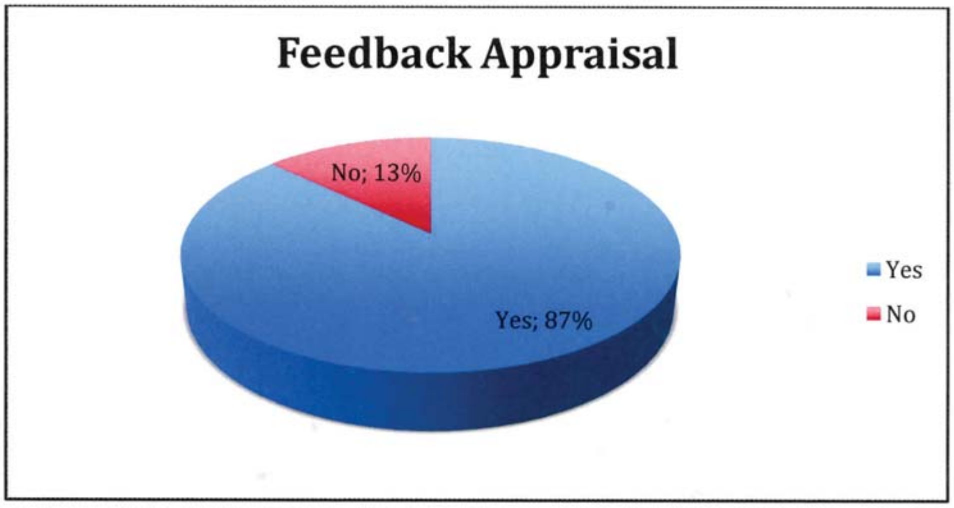

Figure 13 - Feedback Appraisal (Author)

As of now the system of providing the appraisal feedback to every individual is not there in 'ORKILA as shown in the figure 13. However 87% of the respondents want that there should be such a system. The general opinion of the employees is that the basic purpose of the appraisal process is not fulfilled until or unless one gets to know how he has performed. Ultimately the aim of the performance appraisal is to develop the individual through proper monitoring and feedback system.

13% of the respondents feel that the individual feedback should not be provided. They are still the opinion that the performance appraisal should be treated as confidential report only. They consider that the individual feedback system will give rise to discrepancies.

11. Does the management helps provide an atmosphere where all are encouraged for teamwork and comradeship?

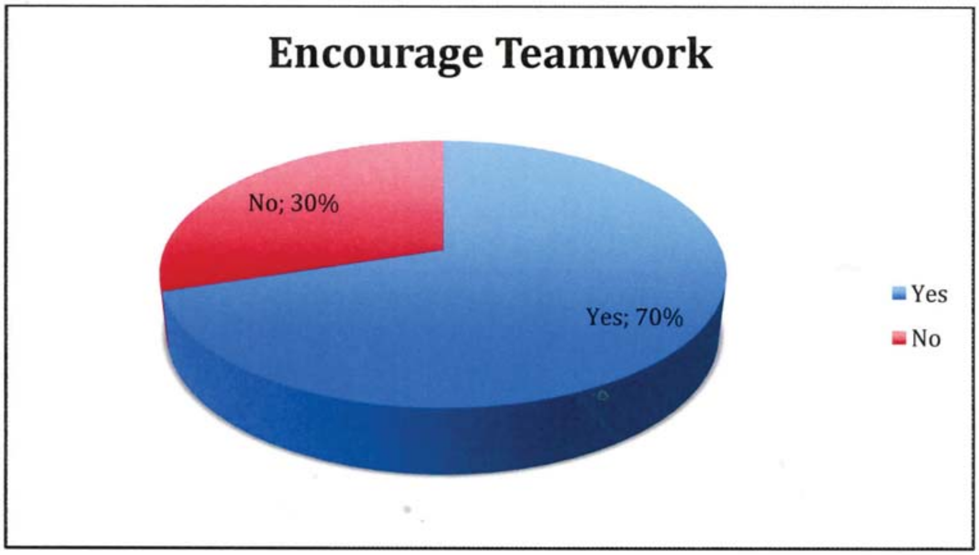

Figure 14 - Encourage Teamwork (Author)

Majority of the respondents (figure 14) feel that the management helps provide an atmosphere where all are encouraged for teamwork and comradeship. This thing is necessary because you can expect the performance only when you provide the suitable atmosphere for it.

It has been proved that the office atmosphere plays a critical role in the overall performance of the individuals and in turn of the organization. Providing congenial environment fuel up the performance. Through personal interaction I came to know the kind of environment prevailing in the organization. Though management is not putting much effort to so, it is there in the system. People help out each other without any expectations.

However, still 30% of the respondents feel that the management doesn't help providing an atmosphere where everybody is encouraged for teamwork. What I feel is the teamwork is only possible when everybody in the team or group is willing to put in effort and this thing can't be enforced upon somebody.

12. Does your superior appreciate you when you do a good job?

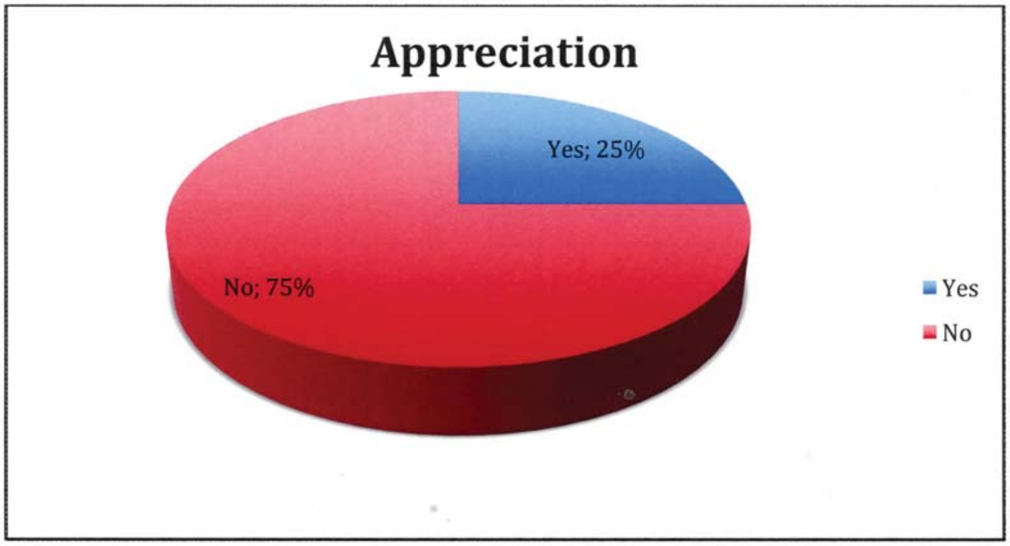

Figure 15 - Appreciation (Author)

The figure 15 shows that 25% of the respondents responded as YES. This thing appears to be very small but the fact is that this thing helps an individual to give its best. A small token of appreciation or just a pat in the back is enough to keep that individual motivated for the next week at least. Praise is such a thing that can make the king to work provided that should be genuine one. There is a difference between appraisal and flattery. And if this difference is not clearly understood it can be prove fatal.

But the majority of the respondents don't feel the same. They don't consider that their superiors appreciate them when they do a good job even a verbal appreciation is totally un-existed. Some of the respondents are the opinion that the superior seldom appreciates their work and if at all they appreciate, it is not genuine one.

13. Does your appraiser know your personality, talents and potentials?

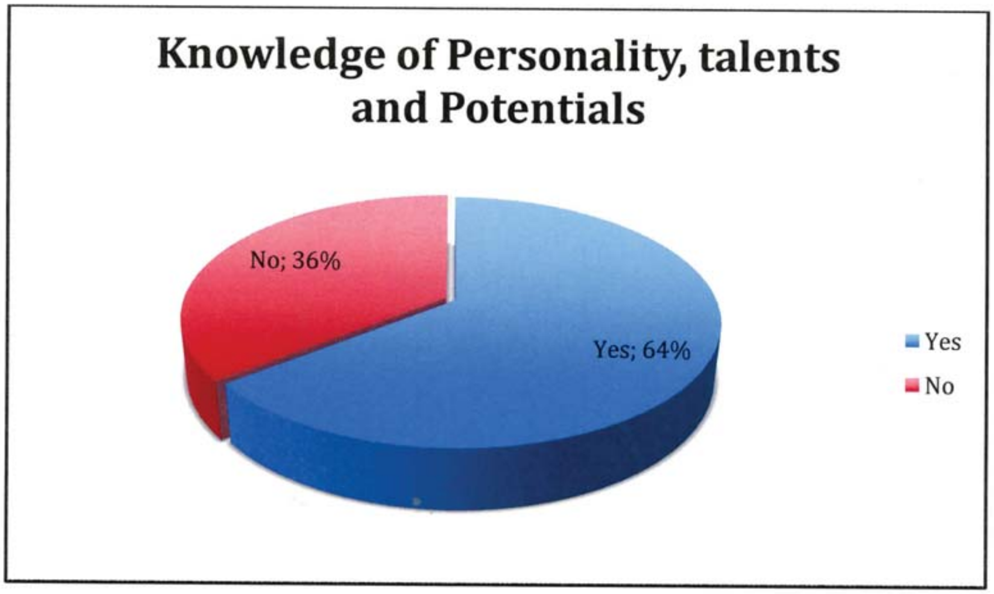

Figure 16 - Knowledge of Personality, Talents & Potentials (Author)

Majority of the respondents agree to the point that the appraiser knows their personality, talents and potentials (figure 16). Appraiser should be aware about these things of his subordinates whom he has to apprise. These things help both parties. Expecting certain level of performance without knowing the caliber of the individual is not justified at all. Once you are aware of the personality and talents of an individual, you can take work accordingly.

Only 13% of the respondents feel that the appraisers are not aware of their talents and potentials. They say that the appraisers hardly put efforts to know the potential.

14. Are the employees provided with the opportunity to respond to the feedback of the appraisal?

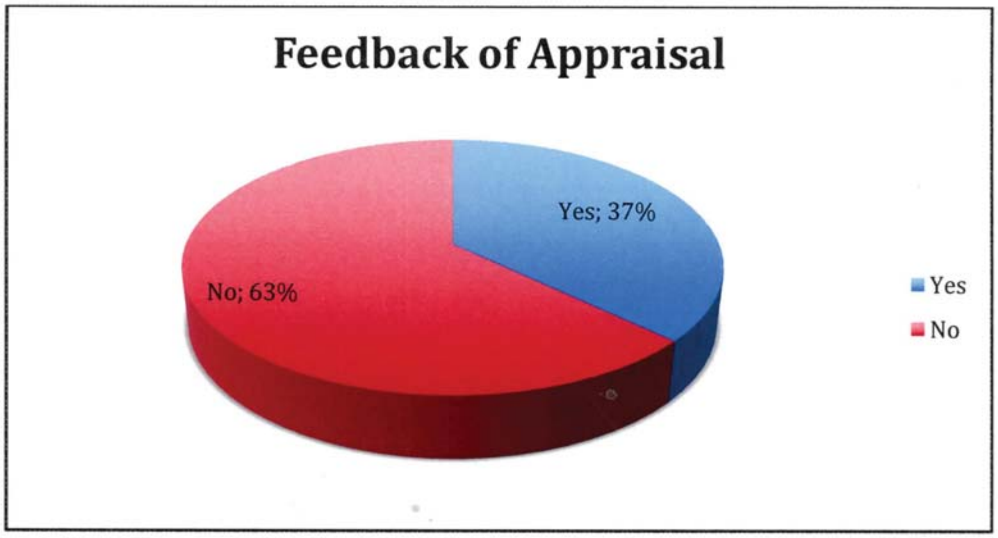

Figure 17 - Feedback of Appraisal (Author)

Majority of the respondents don't agree with the above statement. According to them they are not provided with the opportunity to respond to the appraisal feedback. However 37% respondents say that they can respond to the feedback (figure 17).

As such there is no procedure to the appraisal result in the current performance appraisal system of 'ORKILA. The reason is being that the result itself is not shared with the individual appraised. Why some people then think that they do get the opportunity to respond to appraisal result? This is because the system in 'ORKILA is such that in case an individual gets very poor rating or very excellent rating then individual counseling is provisioned to confirm the ratings and the reason behind such ratings.

15. Are you rated on your competencies-knowledge, skills and attributes?

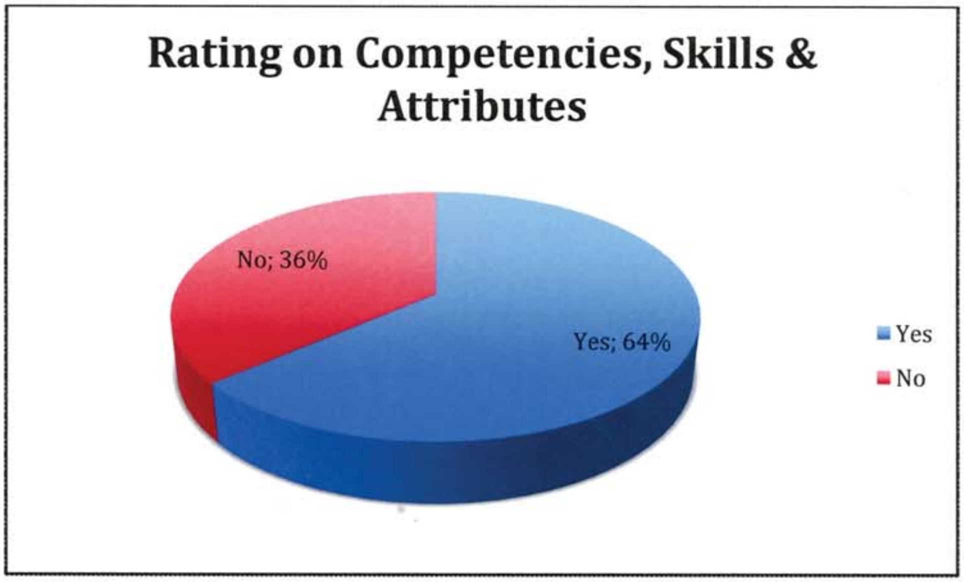

Figure 18 - Rating on Competencies, Skills & Attributes (Author)

The results in figure 18 shows that 64% respondents believe that they are rated on their competencies-knowledge, skills and attributes, however 36% deny the same. In the appraisal sheet itself, there is one section called potential appraisal. In this section, the appraiser is rated on the various traits keeping the existing role as well as future positions in perspective. One of the traits is professional competence, which I think covers knowledge as well as skill part of individual.

16. There should be some incentives based on the individual and group performance?

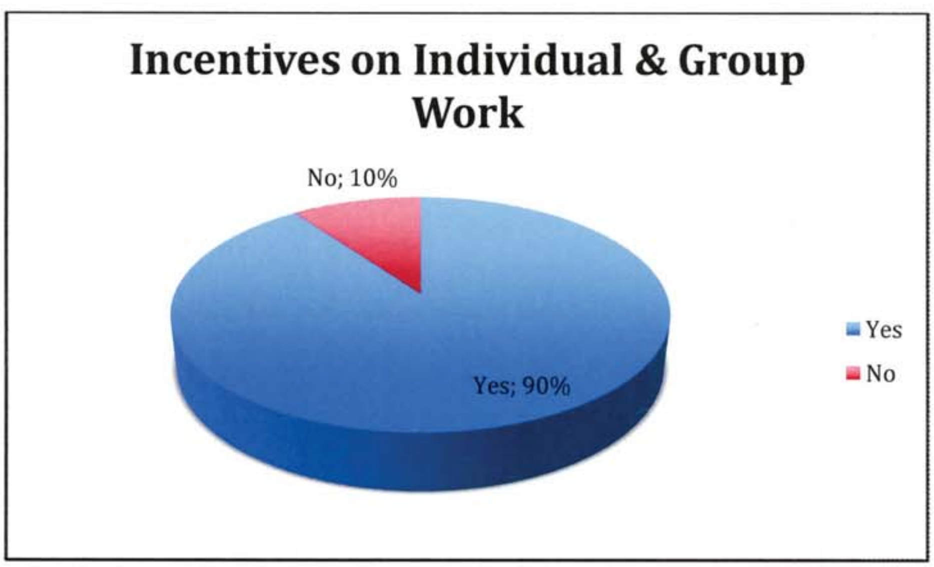

Figure 19 - Incentives on Individual & Group Work (Author)

Majority of the respondents for question 15 wanted that there should be some incentives based on the individual and group performances (figure 19). They agree to the point that a star performer and low performer of some managerial level are getting paid exactly the same. This sometimes acts as a non-motivating factor for the star performer as well. Further, incentives on group performance increase the group cohesiveness and boost up integrity.

16. What are the things that you feel need to be improved the most at company?

Various answers were given from the respondents and each according to their job or department. Some of the respondents felt the needs to have more training, involvement in the company goal. Others wanted a clear job description and communication. Most of them felt the need to have a clear hierarchy (ranking and position), transparency. And they also suggested having changes in the management to have clear communication and verbal appreciation.

17. What are the things that you feel need to be discontinued at the company?

Some of the answers were surprising like power abuse, involvement of some owners in everything or like bad management and disrespecting the employees. Others felt that the management deals with the employees as expendables and they invest in the wrong departments. But most of them were looking for changes in the evaluating and appraisal methods.

4.2 Major Findings

Going through the data analysis of the questionnaire, we found some major positive points as well as negative points. Performance appraisal system in 'ORKILA is not transparent and not fair to the majority. There is lack of communication between the management and the employees. When we asked about the salaries, some of the employees didn't want to answer it or can't. Also, majority of the employees confirm that there is no opportunity to advance in the company as well as lack of training.

The system being not so transparent, employees are unable to identify the performance gaps in order to prepare for the future. Appraisers or raters are not that much concerned about the varied needs of people at levels of experience and background. Raters know how to conduct the appraisal. There are fixed standards to evaluate the performance but those are not clear due to the subjectivity of the topic. Individual feedback is not provided. Employees are not able to know their actual position after the appraisal. Relations with the superior affect the evaluation. Finally, appreciation or even verbal appreciation is not provided for the good job done.

4.3 Limitations

Employees delayed in submitting the feedback form so it affected the time in compiling and analyzing data for findings and suggestions.

Many questions were responded as "cannot say" or "you cannot ask that question" due to the subjectivity of the topic and some information was not revealed due to certain reasons like being confidential in nature.

Chapter 5: RECOMMENDATIONS & CONCLUSION

5.1 Recommendations

The performance appraisal system of 'ORKILA is of medium quality. And on the basis of the analysis of responses and findings the author has reached to some recommendations and conclusions. So taking them into consideration few steps may be considered to strengthen the performance appraisal system.

Employee's response is in a mixed way to any kind of modifications on policies. Proper communication results in conveying the vision of an effective way to the organization's success. A clear communication leads to a clear involvement in the company goal and a clear job description. Also a clear hierarchy (ranking and position), transparency is what is most required by the employees.

Regular feedback improves the performance of employees and makes them connected to the organization.

Training and socialization play a crucial role as training improves the lacking skills, ability and knowledge and socialization helps in improving inter-personal relations, expand business and explore new opportunities.

The competency evaluation and the performance evaluation are done twice a year. Competency Evaluation can be more effective if it carried out at least every quarter, so that it keeps reminding the employees where they stand and what they have to achieve the required objectives. The organization can also focus on providing regular counseling and feedback every month or quarter. This can be done by the superior or the boss who can act as a mentor and guide him to do better. This will help the individual to correct and change accordingly. This will yield better results in the time of appraisal making it easier to judge the individuals progress.

Combining performance appraisal with assessment centre will help in improving the competencies, skills, ability and compensation that makes employees to work with passion and feel strong connection to their company.

Periodic review of competency to remain current with the organization's business needs. Periodic review of the skills and knowledge required performing a particular role ensuring they are complete and correct.

The organization should focus on making the system more efficient by making the employees feel that the system is excellent, and it benefits both the individual and organization.

The system should be more transparent. This can be achieved by creating awareness among the employees regarding each and every aspect of the appraisal process. They should be made aware about the standards and the criterions for evaluations. Further they should be shown the appraisal result.

The appraiser and appraisee should sit together and then the appraiser should rate the appraisee for his performance and should state the reason for the same. This will increase the level of transparency and the employee will feel satisfied, as he will have an opportunity to respond at that very moment itself.

The genuine feedback should be provided to the employees, so that they may be in a position to know where they stand exactly. So that they can identify their performance gaps and prepare accordingly for the future.

The general belief among employees is that the relations with the superior affect the evaluation process. This is not good as this creates a sense of favoritism in the organization. No doubt one should be in pleasing terms with the superior but that should not affect the evaluation at all. For this the raters should always consider the performance as the only measure for the evaluation.

The raters should take note of the critical performance incidents of an individual so that at the end of the year it should not be that only the recent performance are given more weight age.

Also the raters should consider the specific requirements of the people to do the job. They should help them out by providing necessary skill set to do the job more efficiently. They should set the goals as per the potential and caliber of the individual.

The employees should have the opportunities to respond to the appraisal result. For this individual feedback should be provided. This form will contain several important items. The most important items are the name, the department the employee works in and the job title that the employee has (Appendix B). It will also have a section to fill out for who is giving the performance review and what their job title is. This section is important, as an employee who has a lesser job in the company should not give a review.

Performance reviews are typically divided into three different topics. Those topics each have equal importance in reviewing the way the employee is doing their job. The first topic is for evaluating the employee on their job performance. The second part of this form will have an area for rating the employee, and the third area is for any comments that need to be written (Appendix B).

Any performance appraisal forms can be comprised of several different factors. These factors can include points such as knowledge of the job, professional expertise, and managerial competency. After these are reviewed they may also write a review on items such as productivity, what the quality of work is like, how good the problem solving skills are, if the communication skills are good or not, and if the appraisal form can take initiative or not (Appendix B). Other important items that should not be ignored when writing an employee performance are the attitude or the employee, if they are cooperative, and self-improvement.

The last area of these forms may show a place where the person giving the review can leave personal comments on the employee. This can include items such as suggestions, information on improvements that need to be made, goals for the employee to achieve, and even what the appraiser sees for the potential of the employee.

Having performance appraisal forms will help make your work easier and keep the job running smoothly. Creating this form can lead to praise where it is due and to a word of encouragement to keep the employees going. This form can also help an employer weed out the bad employees or the employees that do not improve in their performance of the job. A job review is necessary for any employee no matter job line the business is in. It is a good way to keep any business running smoothly with the employees the business has.

Furthermore, the management should take serious note of the training requirements shown by the individual in the appraisal. Training plays a vital role in the development of an individual and helps improve the performance. The majority of the employees requested more training.

A performance appraisal carried out for pro and executive staff and a secret worker performance appraisal contains the names and job titles of staff and the dept for which they work. It also states the names of the appraisers and their job titles.

Performance appraisal sheets forms are usually split into 3 main subjects that are, analysis or job performance area, ratings, and comments. The evaluation area comprises of various factors. These elements include job data, pro capability, and managerial capability.

Aside from these, productiveness, quality of work, problem solving capability, communication, and initiative are also areas that need analysis. Factors like perspective and cooperation, private leadership, adaptability, and self-development also can't be ignored while analysis. Based primarily on the appraisals, pro and executive staff can be rated as excellent, glorious, satisfactory, debatable, or deficient. The comments section contains enhancements, proposals, goals to be achieved, potential of workers, and so on. Performance appraisals show the final usefulness of workers in their job performance, that is, it's an outline of all comments. Plans for pro expansion are a section that supervisors and workers should develop cooperatively. This section includes extra responsibilities, management opportunities, special courses, panel assignments, for example. While analysis, it's a smart move to give examples of weaknesses and strengths of the employees as and when possible. Secret worker performance appraisals also contain other job necessities such as targeting explicit wants of business or wants for individual improvement, public contact, and capability to remain inside cost guiding principles, for example.

They also give a performance outline, which shows the worker's superb and strongest points, worker's lacks and failings, and specific achievements and changes since last performance review.

They also help in deciding goals for improvement, that's the way in which the worker can be better and what extra coaching can be beneficial.

Performance appraisals also have a worker feedback section. This section contains the worker's most crucial achievements on the job, weakest job performance areas, areas wanting improvement, and other work concerns they want to debate. It also supplies the date prepared for the subsequent review and the areas targeted for improvement.

Finally some incentives should be introduced on the performance basis. This thing creates a sense of healthy competition among employees, which boost up the growth of the individual as well as the organization. In the same time, the management should enhance the teamwork and comradeship.

5.2 Proposal for a Feasible Performance Appraisal System

5.2.1 Introduction

Referring to result of the questionnaire, several improvements should be made in Orkila Group. A human resource department should be created with at least 2 employees. The first step should start from Orkila Lebanon as a start then apply the system to the other sisters companies. First, a clear job description should be made for each employee where it is mentioned the title and the job of the employee along with the supervisor name to whom he should report. In that way, the hierarchy of the company will be clear enough for the employees. Then, the HRM should sit with every employee and communicate on issue related to his job, the mission and vision of the company. So that the employee will feel included to the company's mission and its future perspective.

The most important part of the HRD role would be the appraisal system because the performance appraisal system combines the job description with benefit and communication. The following is the proposal to have a feasible performance appraisal for Orkila Group.

5.2.2 Employee Performance Appraisal Process:

Honesty is the Best Policy. Nobody likes to be the bearer of bad news. Sometimes, it can be especially difficult to inform an employee that his work is not up to par, or that she has an attitude or attendance problem that is seriously affecting her future with the company. Often, managers feel it is better to give a good or neutral performance review-- or not give a review at all-- than to sit down with the employee and be candid about the areas of deficiency and the steps necessary to achieve acceptable performance.

Not only is the failure to give honest performance feedback unfair to the employee-- there is no chance to obtain the information necessary to improve performance-- but it could also result in significant legal liability for the employer if it decides to terminate the poorly performing employee. It is not enough to rely upon provisions in a company's employee handbook stating that its employees are "employees at will," or can "be terminated at any time for no reason or for any reason." Regardless of these safeguards, terminated or disciplined employees have obtained sizeable jury awards and out-of-court settlements based upon claims that they "didn't know" their performance fell short of expectations.

While large companies almost always have a formalized review process, many smaller to mid-sized companies have a less structured system, sometimes leaving it up to individual managers as to whether, and how, to conduct an employee performance appraisal. As a result, managers who are uncomfortable with conflict often fail to accurately address an employee's shortcomings, or procrastinate in giving the review until the problems get out of hand. All employers, no matter what their size, should establish and consistently administer systems that provide feedback to employees regarding skill level, work quality and productivity.

A sound performance appraisal process will help to the employer to avoid legal liability and reap the benefits of improved communication. Employers terminating employees without communicating and documenting the areas of performance deficiency are always taking a huge risk, as rightly or not, a jury will tend to consider the employer's lack of communication as unfair and improper. And, unfortunately, this presumption that the employer acted unfairly may well lead into an eventual verdict and large monetary judgment against the employer, even in situations where the organization did not technically violate any laws.

In addition to the deterrence of employee litigation, a thorough, well conceived evaluation system provides many benefits to employer and employee alike, including:

- Encouraging constructive communications between employees and managers regarding job performance
- Providing a standard, company-wide format for measuring employee performance against job standards
- Identifying areas needing improvement
- Enhancing employee morale by fostering employee participation in goal setting and future development
- Assisting the company in identifying individuals with promotion potential and establishing opportunities for future career development

5.2.3 Elements of an effective system

Although there is no single "right" way to structure an evaluation system-- and in fact, the appraisal system should be adapted to fit the unique culture of the organization-- effective programs do share some common elements.

Scheduled, periodic reviews

The employer should establish a scheduled review period (i.e., first review after 30 days; thereafter, every 6 months). It is important that this period should not be deemed the only time to give employees feedback, but should serve as the guideline for the maximum time that will elapse between performance appraisals. The review should be in writing and conveyed during a face-to-face meeting between the manager and subordinate. Appendix B is a sample of a sound performance appraisal system

Consistency among "like" employees

Employees in the same job category should be measured similarly. Depending on the structure of the organization, separate review formats might be developed for managerial and support staff, technical and non-technical employees, etc.

Clear identification of standards by which performance will be measured

If the employer prepares job descriptions for each position, the responsibilities listed in these documents can serve as good starting points for the review. If job descriptions are not available, the evaluation form can provide space for the manager to list the most critical elements of successful performance of the individual job. In addition, there are many standards that are applicable to all positions, such as timeliness and accuracy of work, ability to prioritize, positive attitude, etc.

Objective measurement regarding whether the employee is meeting performance standards

Whether performance is measured according to a numerical system, or the employer chooses descriptions such as "excellent," "good," "fair," and "unacceptable," the evaluation form should clearly specify which ratings constitute acceptable performance, and which indicate performance below company standards.

Specific examples

Provide space on the form to illustrate the objective ratings described above with specific examples. The reviewer should carefully select examples that concentrate on performance, not personality or trivialities, with an eye toward helping the employee understand the assessment.

Future action plan

The evaluation should provide an opportunity for the supervisor and employee to jointly develop a plan for future growth and development. This may include further education for the employee to improve his/her skills or acquire new ones, or opportunities for the employee to take on new responsibilities during the coming months.

Opportunity for the employee to respond to the evaluation

The evaluation should be an interactive process, giving the employee the chance to participate, ask questions, respond to feedback, and offer suggestions for further career development. The employee may not always agree with all comments in the review, but should be given the opportunity to express concerns and request clarification-- although the meeting should not be allowed to disintegrate into a complaint session, The employer should offer the employee the opportunity to comment on the review in writing, and should make those comments part of the employee's file. The employee should retain a copy of the review at the end of the session.

Unscheduled, "on the job" feedback

Of course, the formal review is not meant to take the place of valuable, informal communications between evaluation periods conveying constructive criticism or praise for a job well done. Ideally, there should be constant communication regarding employee performance. And there are certain instances in which it is strongly advisable to give the employee immediate feedback rather than waiting for the annual review date. If the employee is falling severely short of the standards for satisfactory performance of his job responsibilities, committing serious breaches of company policies, such as excessive unexcused absences or tardiness, or engaging in behavior that is disruptive to other employees, it is prudent to address these issues immediately and take the appropriate disciplinary or rehabilitative action if the situation is not corrected.

Consistency is crucial

Even the most well designed performance appraisal system is worthless unless the company is committed to ensuring that it is used properly and consistently. The company and, specifically, its human resources department must take an active role in the process, encouraging managers to conduct timely and accurate appraisals, reviewing individual performance evaluations in advance and working with the manager to revise the appraisal as necessary. If a manager is reluctant to bring up negatives with the employee, the human resources department can conduct workshops or provide individual coaching on techniques for providing constructive criticism. The manager should come to understand that providing accurate and constructive employee feedback is an organizational priority, and an important criterion of acceptable performance as a manager.

5.2.4 Problems in Performance Appraisal

Problems with leniency and strictness: The leniency bias crops when some raters have a tendency to be liberal in their rating by assigning higher rates consistently. As well as equally damaging one is assigning consistently low rates.

Problems with central tendency: Some raters appraise all the employees around the middle point of the rating scale and they avoid rating the people higher or lower level. They follow play safe policy because of answer ability to management or lack of knowledge about the job and person he is rating or least interest in his job.

Problems with personal prejudice: If the rater dislikes any employee, he may rate them at the lower end and this may distort the rating purpose and affect the career of these employees.

Problems with halo effect: To minimizing the halo effect, you should appraise all the employees by one trait before going to rate on the basis of another trait. A person outstanding in one area tends to receive outstanding or better than average ratings in other areas as well, even when such a rating is undeserved

Problems with recent performance effect: In general, raters remember the recent appraisal of the employee and they usually follow appraisal results last time.

5.3 Conclusion

Performance management is a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to the higher goals of the institution. Reward aims to enhance job performance, to retain valuable employees and develop the corporate unit. Intrinsic rewards create a sense of security, lead completion of some process and allow the individual to use a variety of developed skills and abilities. On the other hand, the external purpose of the reward system is to attract a large number of laborers who are skilled and proficient in their respective jobs. This reward includes money, fringe benefits, profit sharing incentive plans, professional and peer organization promotions, supervisor and compensation reward system, should therefore, be considered as an aid to better performance, which may be integrated with the overall business plan and strategy.

However, performance motivation depends on the situation, how it is perceived and the need of people. The connection between performance and rewards must be visible, and a climate of trust and credibility must exist in the organization. The belief that performance will lead to rewards is essentially a prediction about the future. The reward systems in hierarchical organization act as a strong motivation to learn those skills that are perceived to lead to promotion. If the reward system is objective, transparent and communicated properly it can also contribute to the overall culture and climate in the organization. Depending on how reward systems are developed, administered and managed, they may cause the culture of an organization to a large extent. The reward system should be designed to promote the kind of performance needed by an organization.

The system should support the behaviors expected of the employees. Therefore, it must communicate the type of behaviors to be rewarded and the way in which it will be rewarded. The reward system should be strengthened through re-organization of work process and enlarged job responsibilities, communications and participatory system. Employees should also be consulted in the formation of the plan.

In recent years, performance linked reward management system is seen as a holistic approach to a manager's function. It is not only a random collection of activities, which are cyclical and sequential, but also important for accomplishment of work & source for high performance and excellence. Appraisals have become common tools to give increments rather than tools to build a culture (of openness, transparency etc.) Also appraisals do not capture the extent of coaching and support that the manager has given to the employee. Another flaw in most systems is that giving feedback on employee performance becomes a one-time event. Giving feedback should be a continuous process in companies and should not be relegated only to the yearend. As said previously appraisal systems also fails goals and performance metrics are often not clearly defined. If goals are not aligned to all the departments and functions of an organization, this will result in lack of ownership of crucial goals across departments. Companies in such situations would not have information on its people for assigning more challenging tasks and new businesses.

While Performance management has become more and more sophisticated in recent decades, every system has its own limitations. There is no perfect system that can be adopted without modifications in any company. There is some merit in most appraisal systems but which one can be used easily to suit your organization is most important. Always benchmark the best practice but take the best fit. If used properly it can work as a powerful tool for building culture and help reduce attrition to a large extent.

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APPENDICES

Appendix A

1. Are you satisfied with the performance management system & the outcome?

2. Are you satisfied with our company's employee policies?

3. Are you satisfied with the fairness of the way the company treats all employees?

4. Are you satisfied with overall communication at our company?

5. Are you satisfied with your job?

6. Are you satisfied with your salary in the company?

7. Are you satisfied with the opportunities to advance in our company?

8. Are you satisfied with the training & development provided by our company?

9. Do you find appraisal counseling beneficial for future developments?

10. Should the Individual feedback be provided after the appraisal?

11. Does the management helps provide an atmosphere where all are encouraged for teamwork and comradeship?

12. Does your superior appreciate you when you do a good job?

13. Does your appraiser know your personality, talents and potentials?

14. Are the employees provided with the opportunity to respond to the feedback of the appraisal?

15. Are you rated on your competencies-knowledge, skills and attributes?

16. There should be some incentives based on the individual and group performance?

17. Would you like to make some improvements in current performance appraisal system?

18. What are the three things that you feel needs to be improved/discontinued the most at company?

Appendix B

Performance Evaluation

Employee Name:	Supervisor's Name:
Title:	Title:
Hire Date:	Department:
Evaluation Period:	Length of time you have supervised employee: Years: Months:

FUNCTIONAL AREAS OF RESPONSIBILITY

List below the essential functions of the position, and/or projects for which the employee is evaluated:

Rating Standards

Unacceptable Work performance is inadequate and inferior to the standards of performance required for the position. Performance at this level cannot be allowed to continue.

Improvement Needed Work performance does not consistently meet the standards of performance for the position. Serious effort is needed to improve performance.

Meets Expectations Work performance consistently meets the standards of performance for the position.

Exceeds Expectations Work performance is consistently above the standard of performance for the position.

Outstanding Work performance is consistently superior to standards required for the job.

Not Applicable The employee is not required to perform in a specific rating factor, and it cannot be measured.

NA	U	IN	ME	EE	0	RATING FACTORS	COMMENTS

Technical Skills (Effectiveness with which the employee applies job knowledge and skill to job assignments)

						Job Knowledge	
						Analyzes Problems	
						Provides Suggestions for Work Improvement	
						Employs Tools of the Job	

						Competently	
						Follows Proper Safety Procedures	

Quality of Work (Manner in which the employee completes job assignments)

						Accuracy or Precision	
						Thoroughness/Neatness	
						Reliability	
						Responsiveness to Requests For Service	
						Follow-Through/Follow-Up	
						Judgment/Decision Making	

NA	U	IN	ME	EE	0	RATING FACTORS	COMMENTS

Interpersonal Skills (Effectiveness of the employee's interactions with others and as a team participant)

						With Co-workers	
						With Supervisors	
						With Other Faculty, Staff Students, and/or Community	
						Team Participation	
						Team Contributions	
						Commitment to Team Success	

Communication Skills (If applicable to the job)

						Written Expression	
						Oral Expression	
						Shares Information Willingly	
						Tact and Diplomacy	

Approach to Work (Characteristics the employee demonstrates while performing job assignments)

						Actively Seeks Ways to Streamline Processes	
						Open to New Ideas and Approaches	
						Initiative	
						Planning and Organization	

						Flexible/Adaptable	
						Follows Instructions	
						Challenges Status Quo Processes in Appropriate Ways	
						Seeks Additional Training and Development	
						Attendance	

Quantity of work (Employee's success in producing the required amount of work)

						Priority Setting	
						Amount of Work Completed	
						Work Completed on Schedule	
NA	U	IN	ME	EE	0	RATING FACTORS	COMMENTS

Supervisory/Leadership Skills (Applies only to employee who is a Manager, Supervisor, or Lead)

						Support of UC Diversity Efforts/Programs	
						Trains and Develops Staff	
						Properly Aligns Responsibility, Accountability, Authority	
						Evaluates Staff Regularly	
						Faces Performance Problems Squarely	
						Supports Responsible Risk Taking	
						Controls Costs and Maximizes Resources	
						Instills Pride in Performance, Service, Innovation, and Quality	

						Sets High Standards for Self, As Well as Others	
						Employs Broad Institutional Goals in Evaluating Unit Effectiveness	
						Supports Useful Debate and Disagreement	
						Welcomes Constructive Criticism	
						Fosters Respect for Facts, Data, and Objective Analysis	
						Uses Analytical Tools and Models for Process Improvement	
						Sets Specific Goals for Simplicity, Productivity, and Process Improvements	
						Supports Experimentation and Brainstorming That Leads to Innovation and Learning	

Overall Performance Rating

☐ **Unacceptable**	☐ **Improvement Needed**	☐ **Meets Expectations**	☐ **Exceeds Expectations**	☐ **Outstanding**
Work performance is inadequate and inferior to the standards of performance required for the position. Performance at this level cannot be allowed to continue	Work performance does not consistently meet the standards of performance for the position. Serious effort is needed to improve performance.	Work performance consistently meets the standards of performance for the position.	Work performance inconsistently above the standard of performance for the position.	Work performance is consistently superior to the standards required for the job.

Place an X in the box above that describes the employee's overall performance rating.

Supervisor's Comments (Additional comments may be attached)

Actions Plans/Training and Development Goals

(If applicable, summarize any specific projects, performance objectives, or training and development for the next review period)

Employee Comments/Reactions

(Optional. If employee wishes to do so, any comments concerning the appraisal may be indicated in this section, or by an attachment)

Employee Signature **Date**

I have read and discussed this evaluation with my supervisor and I understand its contents. My signature means that I have been advised of my performance status and does not necessarily imply that I agree with either the appraisal or the contents.

Supervisor **Reviewer**

Signature **Date** **Signature**
Date