

IMPLEMENTATION OF THE EVALUATION SYSTEM OF HUMAN CAPITAL

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ABSTRACT: In many organizations, the intangible assets have become the main revenue generators. Human capital is one such intangible asset and has an important role in the creation of value, which leads to the need for a better strategy to verify its performance. The present work deals with the importance of the implementation of a system of evaluation of human capital by highlighting the involvement of managers in this process, and by identifying existing assessment methods in organizations. Implementation of the evaluation system is absolutely necessary, considering that the trend of organizations is to surround the human capital performance.

KEY WORDS: human capital, evaluation, organization, performance, value.

1 INTRODUCTION

In addition, to the other items, in the basic structure of an organization, we can also find the capital. We can find it in all forms, but subcategory with the biggest implications, being that of human capital.

21st century is under the sign of changes and impact of the knowledge revolution. Given the fact that the society in which we live is in a continuous change, this shines on human capital.

Timeliness and importance of this theme derived from the complex problem of capital management with important role in ensuring financial stability to an organization. International crisis has revealed significant deficiencies and limitations in organizations' capital management, so, human capital being involved.

This belongs to the category of the intangible assets of the organization, bringing its value increase. To be successful and performance, an organization must have a performance human capital. For verifying the performance, it is necessary to implement an evaluation system of the performance.

Figure no. 1 indicate the role of the performance evaluation in organization.



Figure 1. Role of assessing performance in organization

The ability of human knowledge is inseparable from its ability to evaluate, which makes possible the selection, ranking and ordering information. (C. Novac, 2012)

From the managerial perspective, appreciation of some activities results in relation to the organization objectives and in accordance with the context in which it is carried out, constitutes a condition of any procedure training approach. At the individual level, organization or by the system, the assessment correctly carried out, enables understanding shortcomings and opens new perspectives for possible improvements. (C. Novac, 2012)

As we can see in this evaluation process, the center of attention, is human capital. Organizations hold both assets, tangible and intangible that contribute to the organization value. By intangible assets remember: market assets, assets based on

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intellectual property, assets centered on human resources and the specific organizational culture infrastructure assets. (K.E. Sveiby, 2006)

In the category of intangible assets, centered on human resources we can mention: the ability and creativity of employees, leadership qualities, entrepreneur and manager.

The concept of the performance evaluation consists in estimation of the extent that employees perform their work responsibilities. (C. Novac, 2012)

Referring to human capital and its performance evaluation, in this article, we wish to make known a number of detached results from a major research which was occupied by human capital-the component of the organization capital. These results we consider important in the creation or development of a performance evaluation system of human resource.

Research methodology started with a scientific documentation from secondary sources and continued with the primary sources. The research from primary sources consisted in applying a questionnaire to a sample of 170 organizations from Sibiu. This has followed to test the established hypotheses and to examine the relations between different variables.

The performance of the organization is and depends on human resource's performance. A grateful human resource, has implications in the capital valorization, these are the assumptions that have led to the establishment objectives.

The purpose of this paper is to highlight the importance that should be given to the performance evaluation process of the human capital in organizations.

The objectives set to be investigated are: identifying procedures for performance evaluation of human capital (employees), highlighting the individual assessment of an employee (self-evaluation), identification of the evaluation methods of employees' career development.

2 PERFORMANCE EVALUATION OF HUMAN RESOURCES

In the vision of G.A. Cole, performance evaluation "usually refers to the assessment of the work of managers, or staff not in the field of workers". Precisely for this reason it says that there are two categories of assessment namely

conventional, also known as the formal and non-conventional or informal.(C. Novac, 2012)

Non-conventional is that continuous assessment of an employee's performance, by his manager during his normal activity (work). Conventional evaluation is much more rational and orderly manner in relation to the non-conventional, and assume that performance evaluation of the employee and is the result of a carried out process in a systematic and planned manner. (C. Novac, 2012)

In the post analysis we are referring to the content and requirements, at that activity involving impersonal description of the impersonal objectives, tasks and responsibilities. In performance evaluation we focus on achieving the objectives, tasks, responsibilities and requirements

Performance evaluation is the main activity of human resources management, in order to determine the extent to which employees of an organization effectively fulfil the tasks or responsibilities delegated to them. (A. Manolescu, 2003).

How the rating system is used and the manner in which the results of the evaluation are communicated, can significantly affect the morale and the climate of the organization, as these can generate conflicts. The results of the performance evaluation process would be taken into account and for delimiting other processes of human resources management, such as: training, advanced vocational training, promotion, reward, etc.

This process of evaluation of human capital comprises three tasks, namely: employee behavior assessment, evaluation of the potential and capacity for the development and evaluation of obtained performance.

Performance approach has become, is and will be an important element in intelligent management of organizations. Many labor conflicts, as well as the decline of organizations has a main cause in a faulty management, derived from poor knowledge on human resources management.

Given that we live in a period of increased consumerism, organizations wait for an increasing of their productivity.

To do this, it uses default, human capital. To be able to increase the organization productivity must grow employees' performance and because neither the quality of productivity should not be neglected. To improve human capital performance, should we start from testing them, in assessing.

The performance measuring of human capital is materialized by assessment of performance at both levels, individual and by the group or team.

2.1 Checking the level of performance of human capital

As we mentioned in the introductory chapter, in order to be able to carry out this work have established a series of objectives.

The first objective is to identify methods of evaluation of the employees performance. We followed how they recouping opinions, ideas and points of view of employees, in both levels, individual and in the team in which they work. It has been established that objective because human capital influence positive or negative organization succeed.

Performance measurement activity is specific and important of the human resources management and approves the estimate performance of both individual and group.

Professional competence can be regarded as the ability to meet the objectives of the industry, but also those of his own. (I. Verboncu, 2002)

Ducking on the objective in which we have pursued the individual performance evaluation, many respondents considered that they have contributed to company’s success and in the same as far as they have been those who argued that together with the team, have contributed to the organization success.

Taking into account this majority, in both situations, either individual or either as a team, we can say that the organization through management team offers to respondents the opportunity to assert themselves, and appreciate their opinions and ideas. In the organizations included in the sample, have a democratic management style, managers are adherents of a participatory management. By applying such a management style employees are encouraged to get involved in the work where they have been filed because they are motivated by the fact that the ideas, opinions and points of view are realized in order to increase organization’s performance. If to an employee is given trust, they become more involved in working on. Firstly, this was reflected in self-employment and in the team.

The mentioned relationship of individual/organization where he is working on, is presented graphically in Figure 2.

The idea that emerges from this first objective is that employees both, as individually and as a

team, they prove and demonstrate professional competence.

Professional competence, as a core of the model of human resources management, stimulates the existence of several specific subsystems: professional development, recruitment and personnel selection, payment and promoting. (L. Sagi, V. Grande, 2004)

From research undertaken, respondents argued that they are motivated by the fact that: they have created new jobs when they are employed, contribute to the success of organization and the success of their organization is due to them. To be mentioned is the fact that some of the respondents have been aside and are quite criticism against them. This fact has been motivated by the assumption that, if in the next period if the organization would make layoffs, they might be concerned.

This can be observed in Figure 3.

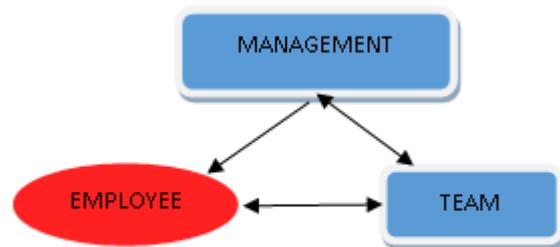


Figure 2. Relationship between management/employee/team

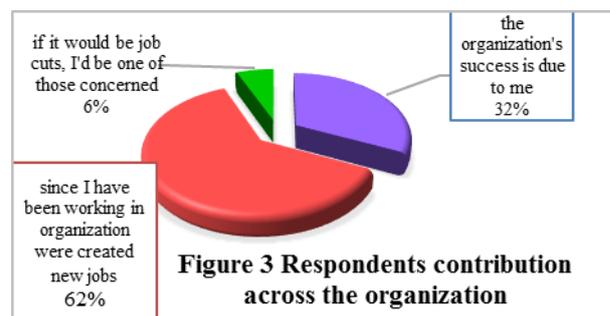


Figure 3 Respondents contribution across the organization

As we know, the degree of employees’ satisfaction depends in direct proportion on their involvement within the company. When employees are happy and customers are satisfied, these determine increasing sales and profit for organization. We cannot neglect the fact that orientation on profitability of organizations is a basic criterion of a successful company and its performance is directly proportional to the level of profit.

Performance evaluation is important not only for organization but in the same time for each one. We say this because in building a successful career should get away from their own self-assessment performance. This activity does not require involvement of human resources management, but this should be not neglected, because is one of the keys in the evaluation process. By tying these components, the individual may be considered or not, had a successful career.

This aspect of self-evaluation has been scored by the objective which relate the highlight of the individual assessment of an employee (self-evaluation). This has been the subject of research as it is step in the course of the activities to be undertaken during the process of evaluation of human capital.

The majority of respondents involved in the research claimed that they are pleased with themselves in relation to the knowledge held and the performance achieved. Pleased to talk about his own person differ from one employee to another, some of them feel extremely comfortable in doing this, others are more daring when it comes to praise their own achievements. For the latter, the requirement to make a self-assessment with regard to individual performance can raise a series of questions, which mostly start from a wrong point, or the time of self-evaluation is not exactly the most suitable for false modesty. It is therefore appropriate to include tangible evidence to support the achievements of each exposure individually.

In the research carried out there were respondents who stated that sometimes they are only assessed knowledge. In those organizations the managers or management team is driving this informal assessment methods at the expense of formal or periodicals. The majority of respondents included in the sample claimed that her organization, shall regularly assess performance and place great emphasis on this process, but it takes into account informal assessment (everyday).

To successfully deploy a method of performance evaluation, should pay more attention to this process. The assessment should be submitted periodically, in order to determine the level of performance/competence of employees. Depending on the results obtained and not only, employees might be promoted or not. In this way they are more motivated and give its interest in ensuring the success of the work and performance of the organization. Of course, that this process involves extra costs on the part of the organization. Probably this is the main reason that many organizations do

not practice this type of evaluation and confine the informal. Considering that people/human capital constitute resources vital to the Organization, to maintain the performance, to ensure success, they need to be evaluated.

Evaluation of employees should be standard practice in firms. Periodic actions of the quality assessment of the performance of professional activities undertaken to make aware of the importance of the quality of his performance and by the feedback you receive, to make efforts to recover the professional gaps. Also, periodically make available to the personnel manager or management team an x-ray of the General level of performance of employees and by analyzing the results, the promotion, the reference to the specialization or rewarding their material. Results of the assessments, in difficult situations, can provide a certain degree of objectivity of job loss or transfer of staff to other functions.

As we can see from research done by assessing human capital knowledge, skills are checked, the performance of both individual and at the level of an employee belongs. The individual as an entity is the key in the success of an organisation, but it involves having an organizational culture developed.

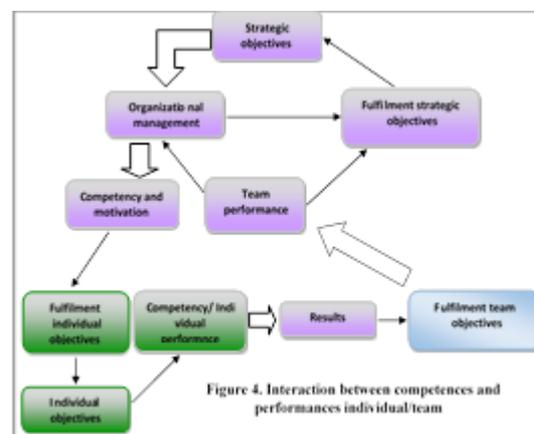


Figure 4. Interaction between competences and performances individual/team

More than half of respondents participants in research have argued that either by individual contribution, either through the contribution of the team, have brought new consideration of knowledge organization where it operates. There were few and those who pointed out that the success of a certain period of time the company or on a specific activity or project, was due to their contribution, on an even decisive.

In this way in Figure 4 shows the interaction between power and performance at both the individual level and at the level of the team.

As I have already mentioned, in the last period to put increasing emphasis on knowledge. This variable is one decisive and often can lead to greater success in the organization. Such knowledge are held by the individual and the Organization could benefit from them if it is sufficiently motivated.

3 CONCLUDING REMARKS

More and more managers do not give enough importance to professional performance evaluation/verification, stating that in the first place is because the output causes an immediate profitability. This is a totally erroneous reasoning no longer works in a market economy in which competition is great and professional competence is a quality that cannot be easily passes. Of course, that affects organizations and managers disturbs this process costs. In the context of the knowledge revolution we are witnessing professional must be adapted and performance changes. Issues of change are in interdependence with the skills and accomplishments of a person. Thus, from the point of view of professional performance changes have a dynamic character. Other changes that may occur over time, refer to modifying the performance related to productivity, both at the level of the Group and the individual or hierarchical position change of the individual in the group.

Therefore, when the question of the competence of a person in a certain professional activity, we manage to capture the current state of it, with greater precision, or less, depending on the instrument used.

Performance assessment can be very useful. A regular review of the performance of each individual, provide information about the powers and their aspirations, thus, essential for managerial planning. This fact leads to solidarity with employees of the organization and their compliance with the rules of the collective groups/team. Most organizations have unwritten rules that reflect your own values. If the focus is on performance evaluation at the level of organizations, it can be a real problem. Advantage performance evaluation and/or competencies that may be useful for other purposes than specified because both managers and employees are faced with various situations in which it can be beneficial.

One of the main problems related to non-periodic evaluation of human capital is the high cost of such work. At the same time performance evaluation can also be a source of internal tension between employees.

The importance to be given to this process of evaluation of the performance of human capital increases the accumulation of knowledge by the employees.

Given that we live in the age of technology, access to information, human resource is the tendency to accumulate as many as possible in order to improve knowledge and career development.

Bearing in mind that human resources is the price component of the capital of an organization, this must be substantiated. If the individual is not motivated, then the degree of involvement and the quality of work performed minus. To be able to motivate and otherwise an employee, not only by increasing salary, fee may be assessed. For the accuracy of the evaluation process is shown to apply formal evaluation or periodic.

In conclusion, in the context of change and knowledge revolution is absolutely necessary to periodically or formal performance at the expense of the institution.

Evaluate people's organizations to identify the exact characteristics, so as to ensure that selects and retains exactly those employees they need in order to achieve the objectives of the business.

Implementation of the performance appraisal system is absolutely necessary, considering that the trend in future organizations is to surround the human capital performance.

This system of performance evaluation can be carried out either internally or by outsourcing this service and then also imply lower costs.

Considering that the 21st century is under the sign of two great certainties, namely the change and the knowledge revolution of at international level it is important to do a system of evaluation of their performance.

As we saw it and it has to be noted by authors from an analysis of the results obtained in the framework of research may come off the idea that more and more emphasis is put on the implications of human capital and knowledge.

In this way, it is now taking shape and the role they are required to have a system for evaluating knowledge across an organization.

Human capital is involved in all the activities undertaken by the organization. It by accumulating

knowledge becomes more and more powerful, so that success, performance and competitiveness of any organization depend by a great extent on the contents and quality human resources.

Having regard to that research has focused on the study human capital as a component of the capital organization, in this article we wanted to surprise the importance what should be given to implementation of a system of evaluation of the knowledge because of what traits is looming to have future organization will make great emphasis on human capital and knowledge held.

Holding such a system of evaluating knowledge contemporary organizations can fold down slightly at the future trends, and, in the case of those who do not be an important required might not survive.

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5 NOTATION

The following symbols are used in this paper:

Ind = individual

Mg = management

Ob = objective.