

ECONOMICS*Sociology*

Sandra Misiak, Ethical System for Employee Performance Appraisal in Practice,
Economics & Sociology, Vol. 3, No 2, 2010, pp. 101-113.

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ETHICAL SYSTEM FOR EMPLOYEE PERFORMANCE APPRAISAL IN PRACTICE

*Received: September, 2010
1st Revision: September, 2010
Accepted: November, 2010*

ABSTRACT. Appraisal is one of the most important tools in the management of human resources. However, made in an inappropriate way, it can be harmful rather than useful. Therefore, one should, from the very beginning, follow a set of rules thanks to which employees will perceive the system as ethical. The article is aimed at defining ethical aspects of staff appraisal and regulations governing the creation of moral or ethical appraisal system in a given firm. However, the main goal is not to describe and characterize the system, chosen criteria and methods, but to identify ethical aspects of particular elements in the entire process. The article presents a model of assessment, namely the one adopted by Würth Poland Sp. z.o.o.

JEL Classification: Q15, P2

Keywords: HRM, ethic system for employee performance appraisal / staff appraisal, model of assessment, ethical appraisal system.

Introduction

Staff appraisal is referred to as a number of activities that allow to collect, verify, compare, transmit, up-date and use information gathered from employees and concerning them. Every step in this process is aimed at determining the effects of work carried out and potential opportunities useful for an organization. If human resources are to be treated seriously by the organization, the appraisal must be taken into account while the creation of the motivating system in such a way so that a given employee is provided with information about opportunities for promotion or raise.

Appraisal is one of the most important tools in the management of human resources. However, made in an inappropriate way, it can be harmful rather than useful. Therefore, one should, from the very beginning, follow a set of rules thanks to which employees will perceive the system as ethical.

The present article is aimed at defining ethical aspects of staff appraisal and regulations governing the creation of moral or ethical appraisal system in a given firm. However, the main goal is not to describe and characterize the system, chosen criteria and methods, but to identify ethical aspects of particular elements in the entire process. The article presents a model of assessment, namely the one adopted by Würth Poland Sp. z.o.o.

How to develop ethical system for staff appraisal?

The development of staff appraisal system is time-consuming and requires much attention. Still, this is the only way to avoid negative consequences resulting from the flaws that the system has. This stage involves defining a goal, choosing criteria, methods and subjects undergoing appraisal, training people who make and undergo appraisal, determining how often the appraisal is going to be made and rules governing the entire process. Each of the aforementioned action has its ethical dimension that will be referred to in the subsequent part of the article. Before designing the system, one should take into account such aspects as the character of work appraised, company's mission, objectives and strategies, its size, competence, authority of people making appraisal, as well as tradition developed in the firm concerning, e.g. the relationship between director and his/her subordinates (Golnau, 2005).

A number of processes taking place within the organization are affected by staff appraisal. Nevertheless, the assessment itself cannot be the main objective. It is vital to analyze all the goals taken the perspective of employee and employer into consideration. Only then can one state that the objective is ethical as it takes account of opinions expressed by both sides. The objective should be defined in an explicit way. It can be neither at a very low nor at a very high level as this will either understate or overstate employee performance appraisal (Szałkowski, 2000).

Defining a set of criteria adjusted to firm's goals, one must bear in mind that they should have certain qualities. Taken ethics into account, it is extremely important that they are accepted and familiar to those who make appraisal and those who are being appraised. Furthermore, employees ought to participate in defining the criteria for assessment. They have to be useful for appraising a given post in the organizational hierarchy over a longer span of time. At the same time, they have to be flexible and able to adjust to a given post and to changing objectives defined by the organization, also for the sake of appraisal. In addition, the criteria should be formulated in a clear and comprehensive way, should be identical for all the participants in appraisal process and depend on employee, which implies that the appraisal may include only these situations on which employee has influence (Golnau, 2005).

As far as human resource management is concerned, there are two sorts of methods for staff appraisal, namely absolute and relative ones. Both have advantages and disadvantages, and yet relative methods are subjective and less precise. For instance, if there is a group of workers who are rather ineffective and one has to choose the best or the worst one, a worker, who is not even a bit effective, may be considered the best one (Sekuła, 1999).

As a rule, two methods of assessment are used, namely performance rating scale and appraisal interview. Performance rating scale is characterized by a considerable freedom. Its results have a discretionary nature. The method is not aimed at employee development, but at identifying past events. The aforementioned two disadvantages arouse certain ethical doubts as employees may start wondering if they are assessed in a fair way and may feel not appreciated as no attention is paid to their development.

On the other hand, appraisal interview is the element of assessment that may determine the effectiveness of the entire process. Appraisal itself is very often associated with control and lack of trust and hence people are rather unwilling to undergo one and are dealing with a variety of negative emotions. Therefore, it is very difficult to conduct such an interview. Ethical appraisal interview should not be unidirectional, namely when employer informs about the results of assessment and employee remains silent, but bidirectional which enables employee to take a stance on the appraisal. The success, i.e. holding the interview in a right way, depends on a number of factors such as the creation of open atmosphere, proper place where interview is being held, making employee think positive and express his/her opinion via discussing the criteria that are considered positive, and finally referring only to

facts and not speculations or rumours. Employee should be encouraged to give his/her opinion and employer ought to justify the appraisal he/she has made. Finally, such a meeting should be planned one or two weeks in advance. Before starting the appraisal interview, employer should prepare himself/herself thoroughly, e.g. look through the documentation concerning the employee who undergoes appraisal.

Comparing and contrasting the employees is regarded unethical. Instead of saying "You are as unpunctual as Mr. X", it is better to state "During this half year you were late to work eight times." Still, if it is necessary to give negative staff appraisal, one should follow certain rules to make it ethical, namely (Golnau, 2005):

- refer only to results or behaviour, and never to aspects that are not connected with work carried out by a given individual,
- make the criticism explicit thanks to which certain problems are solved,
- hold the interview in a secluded spot, without witnesses,
- avoid statements and expressions that may be considered offensive.

Other methods have their flaws, too. For instance, quantitative standards of appraisal are considered unilateral. Tests do not include all possible variants of behaviour, results and other aspects that one may come across in practice. As for the method of critical events, no information about employees who do not stand out against others is provided, due to which they may be classified (not always rightly) as average workers (Sekula, 1999).

Another stage in the development of staff appraisal system consists in choosing people who are going to make appraisal and preparing them for their new duties. Before the assessment itself, training should be organized, which will allow to avoid mistakes and show how the desired effects can be produced. Furthermore, employees ought to be provided with confidential feedback about the results achieved, what they do in a right and what in a wrong way, what they should not do, as well as whether and how they ought to change their behaviour. Finally, they must have a chance to take a stance on the appraisal they have received (Szałowski, 2000).

Taken ethical point of view into account, the number of people who make appraisal should not be too small, in accordance with objectivism principle. Depending on a person who gives the appraisal, he/she faces various problems. When employer is such a person, he/she may transfer his/her sympathies and antipathy to formal assessment. Furthermore, there is a risk that he/she will feel awkwardly as a person who makes appraisal as this may lead to conflicts and worsen the relationship with employees. On the other hand, the assessment carried out by co-workers may result in conspiracy between them as far as the appraisal given to one another is concerned, and (just as in the previous case) may involve transferring sympathies and antipathy to formal assessment, which can make people express provocative and extreme opinions. The team may often be unfair and biased. What is more, it may be subject to so-called group conformism that consists in bending one's own judgements to what is referred to as a group standard. Finally, objectivism is hardly found in the case of self-assessment as everyone wants to come out as well as possible (Kostera, 2005).

A person who makes appraisal, regardless of who he/she is, should have a number of qualities, namely non-verbal communication skills (eye contact or non-verbal incentives such as nodding, proper facial expression, use of silence, open posture) as well as verbal skills (how often one expresses his/her opinion, concentration, verbal incentives such as voice modulation, asking questions, and eliminating all the obstacles and barriers) (Adamiec, Kozusznik, 2000).

There are twelve most essential principles that are the basis for staff appraisal system. These principles are as follows: principle of appropriateness, universality, regularity, continuity, consonance, uniformity, simplicity, openness, flexibility, confidentiality usefulness and finally division into stages. Betraying any of the above may lead to a situation

when employee who feels that he/she has been appraised in an unfair way, will consider the system unethical, which in turn will affect the way he/she and his/her co-workers carry out their duties.

When one is aware of the risk he/she faces while making the appraisal, he/she may not make any mistake. Such mistakes have a negative effect on the quality of assessment and relations between people employed in a given firm. Every, even the best appraisal system may be flawed, however not all flaws have ethical dimension. As far as organizational or technical mistakes are concerned, the most serious one is observed when no information concerning the results of the appraisal is received by employees (once the entire process has been accomplished). Such a situation may generate tension, be de-motivating and cause mental discomfort. Technical mistakes include all irregularities resulting from the fact that objectives, principles and methods have not been developed in a proper way, procedures are not followed, and there is no consistence in adopting the criteria and regulations governing the process of appraisal. Furthermore, these mistakes also stem from the fact that employees do not accept the appraisal, the system itself is not coherent, and no modifications are being introduced into it. Still, psychological mistakes made while carrying out the assessment are more important than technical ones taken the aim of the present article into consideration. These mistakes include (Golnau, 2005):

- lack of objectivism – it is natural for a human being to be influenced by his/her own sympathies, opinions expressed by others or to rely on the opinion held by the majority; people tend to assess all the events from the angle of their own experiences, beliefs and expectations, or to be influenced by the already made appraisal,
- hierarchy effect – the higher the position of employee undergoing appraisal, the better the appraisal,
- transfer of aesthetic stereotype – attractive, nice and well-dressed people are perceived more positively than others; in accordance with this regularity, elegant individual receives a better appraisal than the one whose appearance does not seem attractive,
- central tendency mistake – employers assess their employees as average and avoid giving extremely good or extremely bad appraisal; as a result, it is impossible to say who is the best and who is the worst worker as everyone is considered average,
- freshness mistake – made when one relies on recent events and forgets about past events,
- imitation mistake – when one is influenced by the assessment made by others or the one that has already been given,
- contact effect – frequent meetings with a person who carries out appraisal, especially those taking place outside work, may have effect on the positive result of assessment,
- leniency or harshness mistake – every director assesses in a different way, depending on his/her character, and hence a given team may receive worse appraisal when the director is harsh; the assessment may be too lenient or too harsh, and thus does not depend on actual achievements and behaviour displayed by individual who undergoes the assessment,
- radiation mistake – suggestions resulting from general impression affect partial assessment,
- blinding effect (halo effect) – while making the appraisal, we take into account one, most important characteristic of a given individual and hence the entire appraisal is subject to generalization, due to which the final result (mark) is either very high or very low,
- Horn effect – if one characteristic of a given employee is considered negative, it is extended to other characteristics he/she has,

- projection mechanism – we tend to transfer our own characteristics onto a person who is subject to appraisal (or characteristics that people from his/her closest circle have),
- contrast mistake – attributing characteristics that the appraising individual does not have to individual who undergoes the appraisal,
- causal attributions mistake – false interpretation of behaviour displayed by employee,
- first impression effect – first impression makes an indelible mark and has effect on the final appraisal that a given employee receives; the beginning of a meeting is the time when people formulate their opinions about others,
- last impression effect – impression made during last meeting is so strong that the previous ones are forgotten,
- labelling (dividing people into groups) – single patterns of behaviour are interpreted as relatively stable characteristics that a given employee have, yet they not always reflect on his/her personality,
- self-fulfilling prophecy – by taking action, people transform the reality the way they want it to be; if employee is treated by his boss in a certain way, it is very likely he/she will become the kind of person that his/her employer sees (e.g. employee who has been labelled as average one is going to believe that he/she really is not an excellent worker and will adjust to this image),
- culturally determined distortions – characteristics, behaviour or results achieved by employees may be interpreted differently depending on a given culture; firms that face such a risk are as a rule international, and hence may deal with stereotypical notions or bias toward employees who are subject to appraisal.

The list of mistakes that may be made while carrying out the appraisal is much longer. However, the risk they will be made is the lesser, the greater the awareness of their presence. In order to minimize the occurrence of mistakes one may, e.g. follow the rules governing the appraisal or manage the process under consideration in a professional way.

Furthermore, it is worth adding that in practice appraisal forms very often include data concerning certain staff proportions such as raise or training. These are frequently promises that are not kept, due to which employees feel deceived (Sekula, 2000).

While appraising the employees, it is vital to follow an extremely important rule according to which we assess behaviour, action, effectiveness, forms and methods. Staff appraisal can never be personal or moral judgement. Reliable appraisal should make employee feel he/she is important, has been noticed and appreciated (Adamiec, Kozusznik, 2000).

In the majority of cases, mistakes made while carrying out the assessment affect employees directly. As a result, they are not satisfied with their job and suffer injustice, which may lead to the sabotage of a firm, aggression or even departure from the organization. Furthermore, mistakes lead to other negative consequences, namely conflicts and suspicions in a team of workers, breakdown of discipline and involvement in work, as well as drop in work output. Nevertheless, these mistakes may be avoided, mainly via training and reminding those who give appraisal that they may make such mistakes. In fact, this is the first step toward the objective appraisal (Golnau, 2005).

Some mistakes are identified thanks to controlling aimed at determining if the organization makes them and, if yes, what these mistakes are. Furthermore, it is also vital to state if all the employees were subject to appraisal, if the appraisal is made in a right way and if not, what measures should be taken to make the assessment fair and objective (Sekula, 2000).

Ethical periodic appraisal – quoting the example of Würth Polska Sp. z o.o.

Würth was established as a family company in 1945 by Adolf Würth and his son Reinhold who took the firm over at the age of 19. The consistent implementation of Reinhold Würth's vision had facilitated the dynamic development of the firm. It has been functioning since 1990 in Poland. Now, i.e. in 2010, we observe the 20th anniversary of Würth Polska. The firm is a global leader in the distribution of industrial products. Their customers are industrial plants, trading companies, service centres, installation centres, workshops, one-man companies and international concerns. The attitude that the firm under consideration has to quality is an important aspect to its functioning. To be more precise, quality is treated not only as a unique feature of a given product, but plays a great role in all the processes taking place within a given organization, e.g. customer service. In 1993, Quality Management System was implemented in the central office of the firm in Germany. The system has been in line with ISO 9001 and ISO 14001 norms since 2001. Taken the main products offered by the firm into account, the following can be mentioned: chemical-technical products, manual tools, electrical appliances, tools powered by storage cell and pneumatic tools together with accessories, joint elements, products for machining, equipment for workshop and storehouse, and systems with patents. Würth's brand guarantees the quality of every single product (the official website: <http://www.wurth.pl/>).

Würth company is known worldwide. The potential and market position of the firm is strong as it functions in 86 countries on all the continents and there are 420 independent units employing nearly 65 000 people who attend over 2,9 million clients. What is more, sales amounts to 8,5 milliard Euro and the firm offers 100 000 products, solutions and patents.

Employment rate for Würth company has been increasing since 1999. As for the entire Würth group, 65 158 people were employed in 2008, whereas in the case of Würth Polska, this number amounted to 643. In such a large firm, the creation of ethical system for staff appraisal that would satisfy all the needs is an extremely difficult challenge. (Information-promotional materials provided by Würth company).

Würth company has adopted Periodic Employee Performance Appraisal System in compliance with article 94 paragraph 9 of the labour law. This system has been developed in accordance with the mission, vision and fundamental rules obeyed in the firm under consideration. The mission undertaken by Würth company defines a long-term course of action and is a sort of lodestar for employees and the management, but also for companies that cooperate with the firm in question and its customers. The firm presented a new vision and mission during the congress that took place in the United States in 2007. The vision can be summed up in the following way: "We must become a number 1 firm and the team of the best qualified sales specialists in our Customers' eyes." The mission goes as follows: "We sell with passion. We inspire our Customers." Furthermore, the firm follows a number of rules, namely (the official website: <http://www.wurth.pl/>):

- "We do not wait for achievements but are active in meeting new challenges. The greater the independence and freedom of action, the more spectacular the success.
- Optimism, dynamism and strength coming from self-confidence are our assets.
- We fight for success with passion. We consistently support action that leads to success and try out newer and newer solutions.
- We strive after perfection in every domain of our activity.
- We work in the atmosphere of mutual respect and understanding, we are honest and reliable in everything we do."

For the sake of appraisal, Regulations governing the Periodic Employee Performance Appraisal were formulated and Employee Performance Forms was prepared. The Regulations include: the Aim of the appraisal, Deadlines for the appraisal, Procedure for appraisal, Special

situations / Unsatisfactory results of work carried out, Final resolutions. Each part will be referred to later on.

As stated in the Regulations concerning the appraisal in question, the assessment is aimed at allowing to develop the potential of employee in an optimum way via:

- providing employee with information about his/her work in the context of needs and requirements defined by the firm,
- determining the extent to which employee has met expectations about the objectives defined for a given post in corporal hierarchy,
- planning the ways of developing and training to be received by employee holding a given post,
- planning the path of employee individual development,
- creation of staff reserve.

Objectives formulated in such a way meet ethical requirements as staff appraisal is used not only for determining the effects of work, but also to point to opportunities that may be useful to the firm. The results of employee performance appraisal are employed for planning who is going to undergo training or who will be promoted.

As far as the part specifying the deadlines for appraisal is concerned, in the first subsection it is stated that periodic employee performance appraisal is made at least once a year. It should be highlighted that information about the beginning of another round of the appraisal is provided by Personal Director one week in advance. Every employee receives information about the planned meeting one week in advance. His/her immediate superior specifies the exact date of the meeting. Before starting a new round of appraisal, Personal Department provides every superior with Employee Appraisal Forms valid for a given round of periodic assessment. The forms are handed in at least one week before the appraisal begins. If the overall result is negative, another appraisal can be carried out after three months, however not later than four months. The overall negative result – definitely below expectations – implies that 40% and more of all the criteria for a given position were at D level. Criteria for the appraisal and appraisal levels will be referred to later on. If the system is supposed to be ethical, the appraisal has to be made regularly and employees must be informed about the planned assessment in advance.

Another aspect which suggests that the appraisal system adopted in the firm under consideration is advantageous is the fact that a newly employed person can be subject to assessment (as part of Periodic Employee Performance Appraisal System) only after six months. Another assessment is made on a regular basis. It is employee's immediate superior who specifies the exact dates. Every time such information is provided at least a week in advance. Apart from certain deadlines for the assessment, it can be carried out if the superior or employee puts forward a motion to do so. For instance, if there is an extraordinary situation. Final decision is made by the superior with the approval of Personal Director.

Another section of the Regulations concerning Periodic Employee Performance Appraisal refers to the mode of assessment. People employed in Würth Polska are subject to periodic appraisal. However, the Appraisal System does not involve the management board of Würth Polska. It is the immediate superior who carries out the appraisal. Furthermore, superiors and Personal Director are entitled to take part in appraisal interviews. The Periodic Employee Performance Appraisal System introduced in Würth company has other advantages, e.g. if the immediate superior has been holding his/her post for less than three months, the appraisal is made collectively – by superior who is higher in rank and immediate superior. If employee is transferred to a different post and he/she has been working in a given department for less than three months, the appraisal made by former superior may be taken into account if immediate superior puts forward a motion to do so.

The assessment is carried out on the basis of Employee Performance Appraisal Form for a given post, namely:

- Performance Appraisal Form for sales manager,
- Performance Appraisal Form for the employee in the sales department,
 - holding the position of: Salesman-Consultant, Sales Representative, Senior Sales Representative,
 - holding the position of Salesman-Coach,
 - holding the position of Salesman – Regional Coordinator,
 - holding the position of Specialist in the sales department,
- Performance Appraisal Form for the manager in finance and administration department,
- Performance Appraisal Form for the employee in finance and administration department,
- Performance Appraisal Form for the manager in logistics department,
- Performance Appraisal Form for the employee in logistics department,
- Performance Appraisal Form for the manager in customer service department,
- Performance Appraisal Form for the employee in customer service department,
- Performance Appraisal Form for the manager in administration department,
- Performance Appraisal Form for the employee in the front office,
- Performance Appraisal Form for the employee in HR department,
- Performance Appraisal Form for the employee in Marketing department.

With the use of the aforementioned Employee Performance Appraisal Forms, it can be stated if the criteria has been adjusted to particular posts and whether they depend on an individual employee holding a given position. It is also of profound importance that not only employees are subject to assessment, but their superiors as well.

The final result is formulated as a whole and takes into account all the criteria included in the Employee Performance Appraisal Form, such as qualification, effectiveness, personality and behavioural criteria. Everyone who is responsible for the appraisal must fill in the Form. As stated in the Regulations, the assessment cannot be formulated in a selective or incompetent way.

The Regulations for making periodic employee appraisal define the following levels:

- **D** = definitely below expectations – **negative result** – over 60% to be improved in the case of a given criterion,
- **C** = below expectations – **satisfactory result** – 40-60% to be improved in the case of a given criterion,
- **B** = in line with expectations – **very good result** – less than 40% to be improved in the case of a given criterion,
- **A** = definitely beyond expectations – **outstanding result** – nothing to be improved.

While preparing for the appraisal, employee is obliged to make self-assessment on the basis of Performance Appraisal Form for the post he/she holds. Through self-assessment, employee takes part in the appraisal process, due to which he/she may notice that the Employee Performance Appraisal System adopted by the firm is ethical.

In Würth company, appraisal interview is the main element in the appraisal process. The interview with employee is conducted by the superior before the Performance Appraisal Form is completed. During the interview, the superior provides employee with examples and arguments in order to justify the assessment he/she has made. Employee can express his/her opinion about the examples and arguments discussed. The place for this opinion is in *the Performance Appraisal Form Part I (2) – The summary of the period under analysis*. During the appraisal interview the superior and the employee discuss plans concerning:

- areas to be improved by employee – *Performance Appraisal Form Part II (1) - Plans for the future – Areas to be improved.*
- areas of employee's professional development in the future – *Performance Appraisal Form Part II (2) – Plans for the Future – Professional development areas.*

Having familiarized himself/herself with the appraisal result, employee puts his/her personal signature in a certain place on the Employee Performance Appraisal Form.

The fourth part of the Regulations for Periodic Employee Appraisal includes the course of action to be followed in special situations or if the results of work are unsatisfactory. Taken ethics into account, it is of great importance that employee has a right not to agree on the appraisal result. In such a situation he/she should write down his/her reservations in the place for commentary, namely *Performance Appraisal Form Part I (2) – The summary of the period under analysis.* Superior who is higher in rank may take the appeal into consideration and change the appraisal result. If the appeal is considered unjustified, the superior will send it to his/her superior with his/her opinion within seven days. In order to do so, he/she fills in *Performance Appraisal Form Part III (2) – Special situations / Unsatisfactory results of work.* The superior, who is accountable for investigating the appeal, is obliged to take decision within fourteen days since he/she received the appeal. The appraisal made as a result of the entire procedure is final.

If the results of work are unsatisfactory, the situation is analyzed thoroughly by the superior higher in rank with the approval of Personal Director. In order to do so, he/she fills in *Performance Appraisal Form Part III (1) and (2) – Special situations / Unsatisfactory results of work.* The unsatisfactory results of work are found when:

- D and C marks constitute 60% or more of all the criteria under assessment,
- D marks constitute 40% or more of all the criteria under assessment.

Final resolutions are the last part of the Regulations for periodic employee appraisal. The most important information included in this part is that second negative overall appraisal may be a basis for dismissal under statutory procedures. Employee is also informed that the original Employee Performance Appraisal Form is sent to Personal Department and then included in the files with other periodic staff appraisal forms. Both employee and his/her immediate superior receive the copy of the Form.

The Regulations governing the periodic staff appraisal include appendices, namely Performance Appraisal Forms for employees holding particular posts. The article presents a detailed description of Employee Performance Appraisal Form for a given post (employee with an immediate superior) in sales department used by the firm in 2008.

Performance Appraisal Form for the employee in the sales department consists of three parts. The first one is a summary of the period under analysis. The second one presents plans for the future, whereas the last but not least refers to special situations or unsatisfactory results of work. On the first page of the Employee Performance Appraisal Form there is a place for personal details, i.e. name and surname, post held, department, the exact dates when a given individual started work and when the appraisal was carried out. Further information regards the period during which the employee was subject to assessment, the place where the assessment took place and the person who made the assessment. The symbols can be elaborated on in the following way:

- **D** – definitely below expectations (negative result, there are three or more areas to be improved in the case of a given criterion),
- **C** – partly meets the requirements (satisfactory result, there are maximum two areas to be improved),
- **B** – in line with expectations (very good result, there is possibly one area to be improved in the case of a given criterion),

- **A** – beyond expectations (outstanding result, knowledge, task accomplishment, attitude and behaviour considerably beyond the standards established by the firm for the post of regional sales manager).

The first part of the Employee Performance Appraisal Form presents the summary of the period under analysis and the appraisal criteria. Taken every criterion into account, the mark should be written down not only in the form of the symbol, the number of points ought to be given as well. The range of points differs, depending on the criterion, and ranges from zero to eighteen points or even from zero to seventy-eight points, depending on the criterion. Each symbol has a number of points assigned to it. For instance, in the case of the criterion entitled Preparation for work, employee may receive from zero to thirty points, where symbol D is from zero to five points, symbol C – from six to fifteen points, symbol B – from sixteen to twenty-seven points, and finally symbol A – from twenty-eight to thirty. The remaining nine out of ten criteria are as follows:

- Factual knowledge
- Visit at a customer's place
- Salesman's appearance / Relations with customers
- The implementation of sales plans
- Qualitative results of work
- The accomplishment of special tasks
- Communication skills
- Ability to work in team
- Discipline of labour

The criteria mentioned in the Employee Performance Appraisal Form are comprehensive, clear and known to all the workers, which proves that the Periodic Employee Performance Appraisal System adopted by Würth company is ethical. Below, in the Employee Performance Appraisal Form, the superior can include additional commentary that refers to criteria other than the above-mentioned. Needless to say, every commentary should be signed and dated. There is also a place for employee's commentary and remarks concerning the assessment given by his/her superior. The first part of the Employee Performance Appraisal Form ends up with the statement signed by the employee that he/she has familiarized himself/herself with the appraisal result and agreed on it.

The second part of the Employee Performance Appraisal Form refers to employee's plans for the future and should be filled in on the basis of interview. This part consists of two tables. The first one includes areas to be improved, level to be reached together with the way of achieving the objectives and deadline. Above the table there is a request to write down the expectations about employee performance in an explicit and comprehensive way. Furthermore, the expectations, although ambitious, must be possible to fulfill by a given deadline. The second table refers to professional development areas and, just as in the previous case, specifies the level to be reached, ways of achieving the objectives and deadline. Above the table there is a suggestion that potential development of employee and possible action should be determined. Each table is signed by the appraising and the appraised.

The last part of the Employee Performance Appraisal Form refers to special situations or unsatisfactory results of work. This part consists of three questionnaires. The first questionnaire is filled when extraordinary situation occurs or the results of work are unsatisfactory. It is completed by immediate superior or other person responsible for the appraisal. It is only for superiors and a basis for interviews with employees.

The first point in the first questionnaire is the analysis of unsatisfactory results of work. The superior answers such questions as: What are the reasons behind the unsatisfactory results? What circumstances contribute to good results? When the results deteriorated? To what extent this deterioration affects the overall appraisal received by employee?

The second point of the first questionnaire is the analysis of preventive measures taken. It is important to announce the decision and mention the steps that have already been made to prevent the results achieved by employees from deterioration. It is also vital to make sure that employees were provided with necessary information and suggestions about improvement opportunities.

The third point of the first questionnaire presents the plan of action aimed at eliminating the unsatisfactory results of work. It includes the requirements as to how such a plan should be developed. The plan consists of:

- description of action to be taken to prevent from or eliminate the unsatisfactory effects in the future,
- deadline after which (if there is no improvement) appropriate measures will have to be taken against employee undergoing the appraisal – it should be specified what measures.

Before the deadline, the superior responsible for the appraisal is obliged to hold interview with employee during which the former will inform the latter about results, expectations and action taken.

The last, fourth point includes a commentary and conclusions drawn by the superior if other extraordinary situations occur.

The second questionnaire is filled in once the interview with employee has been held and when there is an extraordinary situation or the results achieved are not satisfactory. In such a case, the date of such a meeting and commentary are written down by the superior or Personal Director.

The third questionnaire is a statement signed by the employee undergoing the appraisal when the results are unsatisfactory. In this way, the employee confirms that he/she has been informed that his/her results are poor and how to improve these results and that he/she knows why his/her appraisal is negative. The employee can write down an extra commentary here.

Each of three questionnaires is signed separately together with the date.

It is beyond any doubt that the development of ethical Periodic Employee Performance Appraisal System was a great challenge for Würth company. The Regulations governing the assessment and the Performance Appraisal Form for employee in sales department with immediate superior used in 2008 suggest that the firm under consideration pays much attention not only to substantive and formal issues, but also to moral ones.

Summary

It should be borne in mind that communication system plays a crucial role in the process of staff appraisal. Effective system provides all the employees with reliable information concerning the objectives, mode and criteria for appraisal. It will not be effective if employees do not realize that the appraisal system has been created for the sake of firm's and hence its employees' success, and not to punish them and cause conflicts. If employees are not able to make critical remarks, they will not believe in the reliability of the appraisal. The appraisal, not only ethical, is aimed at helping people become better and provides the firm with information useful in developing personal policy.

The superior who knows how to make appraisal, at first talks about work and then about characteristics, virtues and faults, asks for self-assessment, and then presents the appraisal results which take into account all the work carried out. Furthermore, he/she listens carefully and tries to understand employee's arguments, and most of all can admit he/she has made a mistake.

Ethical appraisal is fair and objective. Nobody likes to be assessed. One should borne this in mind and try to put oneself in the shoes of the appraised. It is beyond any doubt that mutual understanding and respect create open and friendly atmosphere

The article has not referred to a number of ethical doubts such as unequal appraising on account of race, religion or gender. These issues were omitted intentionally although one might very often come across them. Needless to say, every employee should undergo the appraisal based on uniform criteria and rules, carried out with the use of the same methods. The appraisal takes into account only those aspects that are connected with work that a given employee has done and on which he/she has effect.

Carrying out the ethical appraisal is an extremely difficult, yet possible task. One should always do his/her best to make sure that the assessment does not arouse controversy, fear, cause conflicts and stress among workers. However, it is worth trying since the effective staff appraisal brings about a number of benefits both to the firm as well as its management and employees.

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