



# **The Role of Performance Management and its Difference with Performance Assessment**

## **Case study: Iranian Oil Pipeline and Telecommunication Company**

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### **Abstract:**

The evaluation of the employee's capacity and ability to work and their qualification is very difficult and people couldn't do it perfectly and absolutely. Because human hasn't reached yet to the tools that could measure the potential and even really human abilities accurately. Especially in the many cases, the evaluator is a person could do not justice consciously or unconsciously influenced the thoughts, discomforts, prejudices, emotions and feelings and for this reason claimed that if we couldn't evaluate the others justly, it is better to avoid. This is a descriptive- functional study. Two questionnaires were used for data gathering that include one questionnaire about the pathology of the performance evaluation system made by researcher and one questionnaire about the feasibility of implementing performance management based on the Baldrige Model that is standard. Statistical society size considered 1500 persons. The research statistic society includes the employees and managers of the Iranian oil pipeline and telecommunication company. The sample size by Cochran formula is 306 persons. Finally, we denied the assuming equivalent of the regression coefficient in the 0.05 error level for the performance management hypothesis and concluded there is a significant relationship between all components and the performance management. Thus all of the six examined hypotheses were confirmed. Therefore we can conclude the performance management has a significant impact on the oil pipeline and telecommunication company and there is a significant relationship on the 0.05 error level between considered variables and performance assessment. Also, we denied the existence of the significant relationship between the paths of the evaluator and performance evaluation standard variables (0.196 and 0.682) and job assessment on the 0.05 error level with considering of the probabilities more than 0.05. Thus the 8 and 9 hypotheses were denied and the other hypotheses were confirmed.

### **Keywords:**

Performance management; performance assessment; employee awareness



## 1- Introduction:

Governmental organizations usually organized and work in order to implement the legal obligations to reach the governmental goal, implementing the confirmed programs and providing services to people. As for the broad range of the government activities, increasing the general costs and political conditions and world economies, considering the governmental organizations has become important over and over. Therefore it seems necessary to try in order to improve the governmental organizations performance. In the governmental organizations, the managers have the most important and sensitive role. If the governmental organization managers could provide the situations for activating the potential abilities of the employees, inevitably the performance of these organizations would be improved. The performance management is an integrated activity aimed to strengthen and institutionalize the performance management as the infrastructure system of the organization. Also performance management is the process of the designing and implementing of the strategies, considerations, and propulsions aimed to convert the raw talents of the human resources to the performance. All people have several talents for the functional fields. Anyway utilization and converting these talents to the deliverable performance often for some reasons aren't interest. Performance management has a role of converting the talent to the performance that is accessible with removing the obstacles and encouraging and empowering the human resources employees (chapolghian, 2009, p.2).

Iranian oil pipeline and Telecommunication Company has the mission of implementing the effective role in the prosperity and modernization of the national economy. 186 centers of the oil transportation, installations and pressure reducing units transport petroleum from production units to the 7 important refineries in the country securely for 24 hours. Also this company has responsible for receiving of the petroleum products ( such as the gasoline, kerosene, gas oil, fuel oil, jet fuel) from refineries and to transport them to the storage tanks connected to pipelines across the country and supplying the liquid fuel of some power plants, airports, and part of the feed petrochemical industry. The company overall is responsible for controlling a network with annual transformation about 123 billion liters of the petroleum materials across approximately 14000 km pipelines and 239 transportation stations.

This company backed by own competent, qualified and committed employees and also effective management system, providing better the customer needs and satisfaction of shareholders, wants to become a good symbol in the social and environmental responsibilities and by using the integrated and efficient strategies, new and adapted to the international standard equipment provides comprehensive and guaranteed services that are more that people's expectations. So that in these years, the customer requests for transporting the petroleum and the many kinds of the oil products go over that the confirmed programs that show the high satisfaction of the customers.



In this research, we considered the level of the awareness of the managers and employees of the performance management role and its difference with performance assessment in the Iranian oil pipeline and telecommunication company by Malcolm Baldrige Excellence Model.

### **1-1 performance management definition**

There are several definitions about performance management such as:

Performance management is a general term for those organizational activities are dealing with management and job and behavior responsibilities of the staff.

Performance management is a way to facilitate the communication and understanding between employees and supervisors and leads to the creation of more favorable work conditions and commitment to service quality.

Performance management can be seen as a set of the activities and information used in order to increase the optimum utilize level of the facilities and resources for achieving the goals economically combined with efficiency and effectiveness (Management and Planning Organization, 2003)

Due to the above definitions, the performance management can be known a strategy uses of a mutual relationship between supervisors for an understanding of the organization and employees requests and expectations and on the other side, for transferring the staff requests to the organization supervisors and manager. Thus it provides an environment for optimum utilization of all facilities and resources in order to reach the organization goals. The performance management causes the supervisors easily recognize the poor performance of the staff and improve them. On the other side, they encourage the favorable performance by providing the appropriated awards to the employees. The performance management is a process includes both performance assessment and the principal systems to response to the complaints as management tools.

### **1-2 assessment definitions**

-The qualify assessment of the staff is a systematic and regular assessment of the staff work in related to the how to do the jobs to determine their potential for growth and improvement.

- The assessment process is a set activity of the formal steps due to assessing the employee performance in a certain period and contains all individuals behaviors related to his/her performance in a certain period.



- The assessment is a relative assessment of human performance related to how to do a certain job in a defined period compared to do standard work and also to determine the potential talent and capacities of a person in order to plan to activate them.
- The assessment is a process that is determined the decision level in it, the appropriated information is selected, collected and analyzed to provide a report based on decision makers can take appropriated decisions. (Safavi, 1985).

## 2- The research history

Directly related to the research subject has not been done any research. But we point to these studies about our subject:

Sousan AsgharPour and Amin HoseiniRad (2012) in a study entitled performance management with emphasis on human resource assessment stated the assessment and management of the employees performance is a necessary and inevitable task to assessing of the people improvement to reach the organizational goals and missions and the performance assessment creates awareness and feedbacks and determines the performance strengths and weakness points and the organizational position in the changeable and stormy environment and they concluded at the end of the research that each organization in accordance with the own organizational structure and culture should design and implement of own performance assessment and management system.

Rajab Ali Shaykh Zade (2009) in an article entitled the conceptual pattern of the performance management in the mission-based organizations stated that the performance assessments of the total levels are connected together and affecting and affected by each other.

## 3-The research hypotheses

Main hypothesis: There is an inverse relation between the performance assessment and the staff and managers awareness of the performance management role.

1. There is a significant relationship between performance management and strategic planning
2. There is a significant relationship between performance management and development of the human resources
3. There is a significant relationship between performance management and data analysis
4. There is a significant relationship between performance management and the customer orientation





5. There is a significant relationship between performance management and the process quality
6. There is a significant relationship between performance management and the leadership
7. There is a significant relationship between performance management and the evaluation process
8. There is a significant relationship between performance management and the evaluator.
9. There is a significant relationship between performance management and the performance evaluation standard
10. There is a significant relationship between performance management and the performance evaluation feedback
11. There is a significant relationship between performance management and the lack of the management support.

#### 4- Research Methodology

This is a descriptive- functional study. Two questionnaires were used for data gathering and they include one questionnaire about the pathology of the performance evaluation system made by researcher and one questionnaire about the feasibility of implementing performance management based on the Baldrige Model that is a standard base. For determining of the researcher made questionnaire validity was used the professors and experts comments and the stability was determined the 0.85 alpha coefficient by Cronbach's alpha method and confirmed.

The study society consists of the employees and managers of the Iranian oil pipeline and Telecommunication Company that the sample size was determined 306 by Cochran formula. For the data analysis of this study were used 2 software consist of the Excel (for submitting and briefing the data) and the Amos application of factor analysis was used to test hypotheses. Descriptive statistics and demographic variables are as follows:

Table1: the frequency of those surveyed positions.

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
employees	210	78.4	78.4	78.4
supervisors	58	21.6	21.6	100.0
Total	268	100.0	100.0	



Table2: frequency of the respondent ages

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Below 30	32	11.9	11.9	11.9
30 to 50	172	64.2	64.2	76.1
Above 50	64	23.9	23.9	100.0
Total	268	100.0	100.0	

Table3: frequency of those surveyed degree of education

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
diploma	32	11.9	11.9	11.9
Associate degree	20	7.5	7.5	19.4
bachelor	124	46.3	46.3	65.7
M.A	72	26.9	26.9	92.5
P.H.D	20	7.5	7.5	100.0
Total	268	100.0	100.0	



Table4: frequency of those surveyed work experience

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 5	28	10.4	10.4	10.4
5 to 10	72	26.9	26.9	37.3
10 to 15	64	23.9	23.9	61.2
15 to 20	56	20.9	20.9	82.1
More than 20	48	17.9	17.9	100.0
Total	268	100.0	100.0	

In this study due to the conceptual model, 4 indicators are tested. First by using the exploratory factor analysis, we determine the numbers of these main factors and then we examine the obtained result by confirmatory factor analysis using the software Amos.

To measure the data adherence is used the correlation matrix between the variables and to evaluate the correlation matrix is used to Bartlett test of sphericity.

Table 5: KMO statistics and Bartlett test of the questionnaire of Performance Management

#### KMO and Bartlett's Test

Kaiser-Mayer-Olkin Measure of Sampling Adequacy.		.776
Bartlett's Test Of Sphericity	Approx.Chi -square	7642.379
	df	595
	Sig.	0.000

Diagram1: the implemented model in Amos software after evaluating coefficients (standardized coefficients) for Performance Management

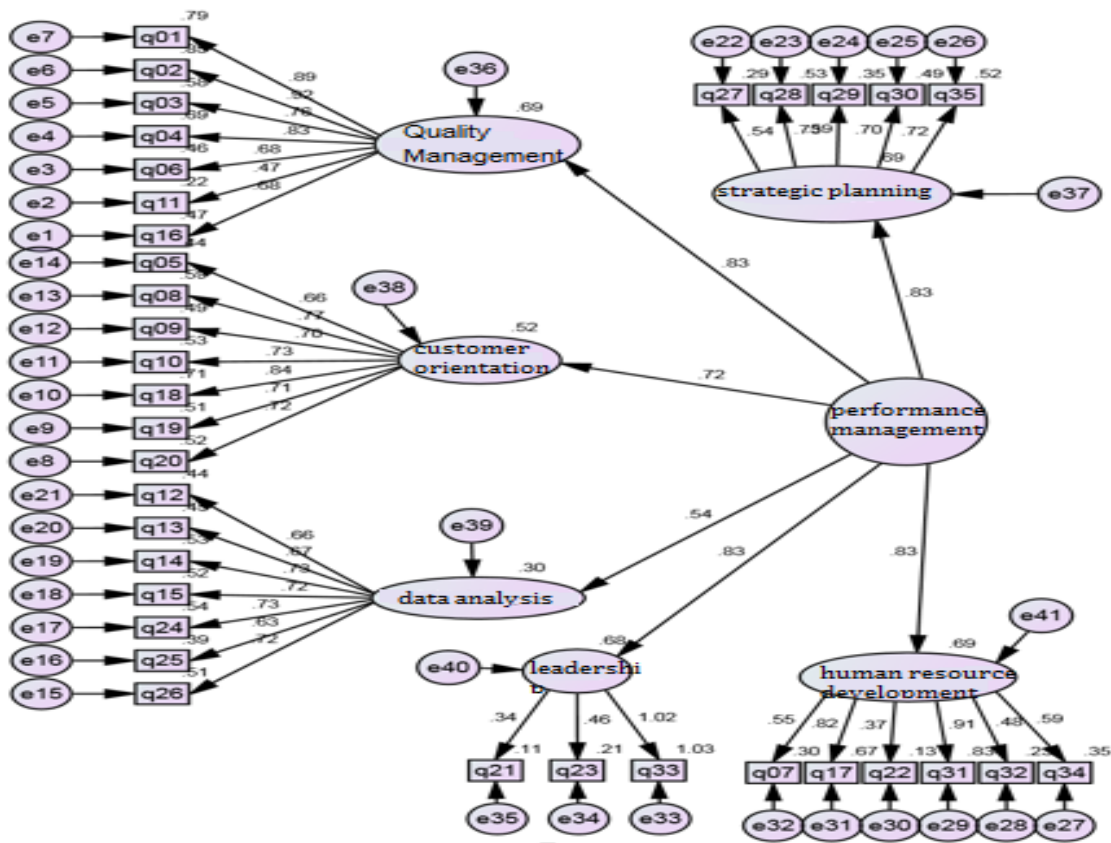


Table6: indicators model

Baseline Comparisons

Model	IFI Delta 2	CFI
Default model	0.912	0.905
Saturated model	1	1
Independence model	0	0

Two considered indicators are above than 0.9 level and shows overall top compatibility of this model. For evaluating the data adherence for performance assessment questionnaire we use the correlation matrix between variables.

Table 7: KMO statistics and Bartlett test of the questionnaire of Performance assessment

KMO and Bartlett’s Test

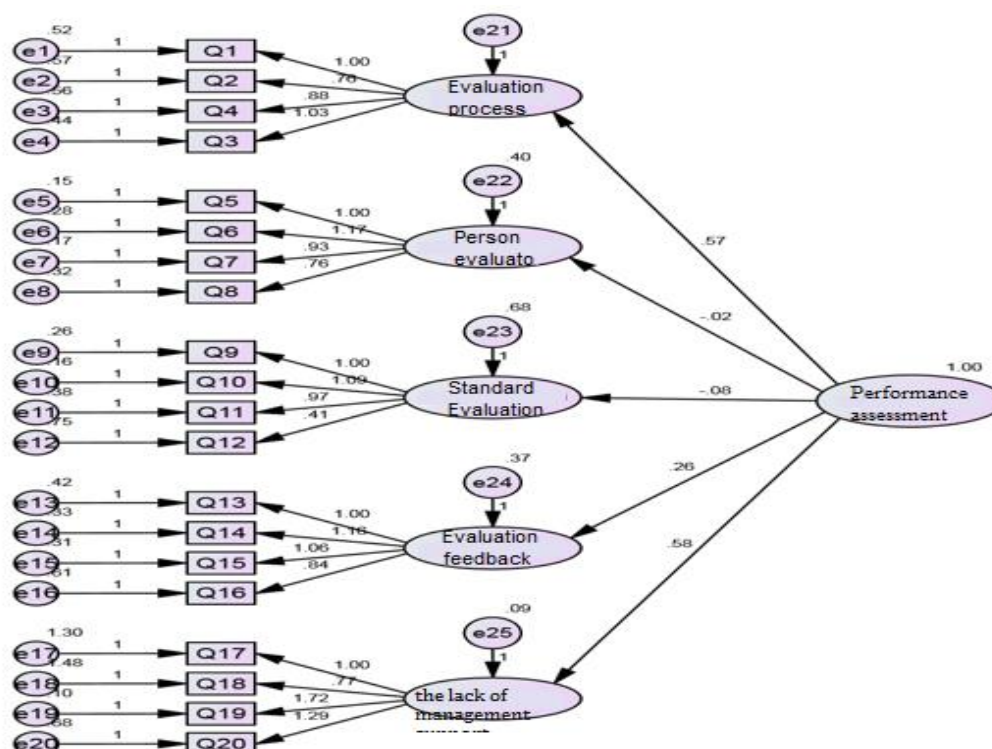
Kaiser-Mayer-Olkin Measure of Sampling Adequacy		.774
Bartlett’s Test Of Sphericity	Approx.Chi -square	2657.504
	df	190
	Sig.	0.000





So we can reject the null hypothesis in the 0.05 error and even 0.01 and we can conclude observed correlations between variables are related to the society with correlated variables.

Diagram2: the implemented model in Amos software after evaluating coefficients (standardized coefficients) for Performance assessment



In the diagram2, we can see the implemented model in the Amos software. All coefficients in the diagram are standard coefficient.

## Fitted model

Fitted model determines the degree of variance data supporting the sample covariance of structural equation modeling (Ghasemi, 2009). In this research we consider to the report of the IFI and CFI indicators.



Table 8: the fitted model indicators

#### Baseline Comparisons

Model	IFI Delta 2	CFI
Default model	0.912	0.905
Saturated model	1	1
Independence model	0	0

Both indicators are above than 0.9 that shows the model is fitted

Table9: the fitted model indicators

#### Baseline Comparisons

Model	IFI Delta 2	CFI
Default model	0.921	0.915
Saturated model	1	1
Independence model	0	0

Both indicators are above than 0.9 that shows the model is fitted.

In the following we consider the correlation between performance management and performance assessment.

Table10: Correlation

#### Correlations

		Performance management	Performance assessment
Performance management	Pearson Correlation	1	.624**
	Sig. (2-tailed)		.000
	N	268	268
Performance assessment	Pearson Correlation	.624**	1
	Sig. (2-tailed)	.000	
	N	268	268



Due to the resulted probability (0.000) which is smaller than 0.05 level, we conclude there is no significant correlation between the two variables. This relationship is equal to 0.624 and direct. As a result there is a significant correlation between performance assessment and performance management.

### Considering Damages:

- weaknesses in the evaluation process
- inability of the evaluator
- non-standard performance evaluation
- the lack of performance evaluation feedback
- the lack of supervisor support

Table 11: the evaluator

Valid	frequently	percent	The correct percent	Cumulative percent
unfavorable	247	92.2	92.2	92.2
favorable	21	7.8	7.8	100.0
Total	268	100.0	100.0	

Table 12: evaluation standard

Valid	frequently	percent	The correct percent	Cumulative percent
unfavorable	205	76.5	76.5	76.5
favorable	63	23.5	23.5	100.0
Total	268	100.0	100.0	

Table 13: evaluation feedback

Valid	frequently	percent	The correct percent	Cumulative percent
unfavorable	48	17.9	17.9	17.9
favorable	220	82.1	82.1	100.0
Total	268	100.0	100.0	



Table 14: the lack of management support

Valid	frequently	percent	The correct percent	Cumulative percent
unfavorable	204	76.1	76.1	76.1
favorable	64	23.9	23.9	100.0
Total	268	100.0	100.0	

Table 15: evolution process

Valid	frequently	percent	The correct percent	Cumulative percent
unfavorable	144	53.7	53.7	53.7
favorable	124	46.3	46.3	100.0
Total	268	100.0	100.0	

## Conclusions:

- The result of the statistical test of the performance management hypothesis: Due to the resulted probability (0.000) in non-standard regression coefficients table for the paths of the performance management (leadership, human resource development, process quality management, customer orientation , strategic planning , data analysis) that is less than the 0.05 error level, the assuming considered regression coefficient equal to zero was rejected in 0,05 error level and thus we conclude there is a significant relationship between all components and performance management.

So all six tested hypotheses were confirmed. So we can conclude the performance management has a significant impact on the oil pipeline & Telecommunications Company.

- The result of the statistical test of the performance assessment

Due to the resulted probabilities of non-standard regression coefficients table that all but one probability of the evaluator path and performance evaluation standard are less than





the 0.05 error level, we denied the assuming of the related path coefficient equality with zero and we conclude there is a significant relationship between considered variables and performance assessment in the 0.05 error level. also due to probabilities more than 0.05 related to the paths of evaluator and performance evaluation standard (0.196 and 0.682) we denied the existence of the significant relationship between these variables. So the 8 and 9 hypotheses were denied and the other hypotheses were confirmed.

Kandola Seriny and S.R in their article entitled ( considering of the necessity of the performance management in the organizations) in the importance of the performance management stated that this management wants to become the human talents to the performance via regular planning and implementing the drivers, interventions, and performance management strategies. Also, it follows the improvement of the lower levels of the organizations and intensifying the competitive advantages in the business environment and also it is a foundation for performance management theory and learning and motivation theories.

Jamile oveisi in a research entitled (to create tree dimension for performance management) stated the performance management as one of the human resources management systems has an important role to improve employees performance and adjust their performance to the organizational huge goals thus for improvement of the organizational performance. But design, establishing and implementing this system without the high level management support in each part, not only can't guarantee the implement of the designed system but also reduce its effectiveness. Thus the result of this study stated the performance management should be known as the main method not only as a tool that human resources need it.



### Resources:

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